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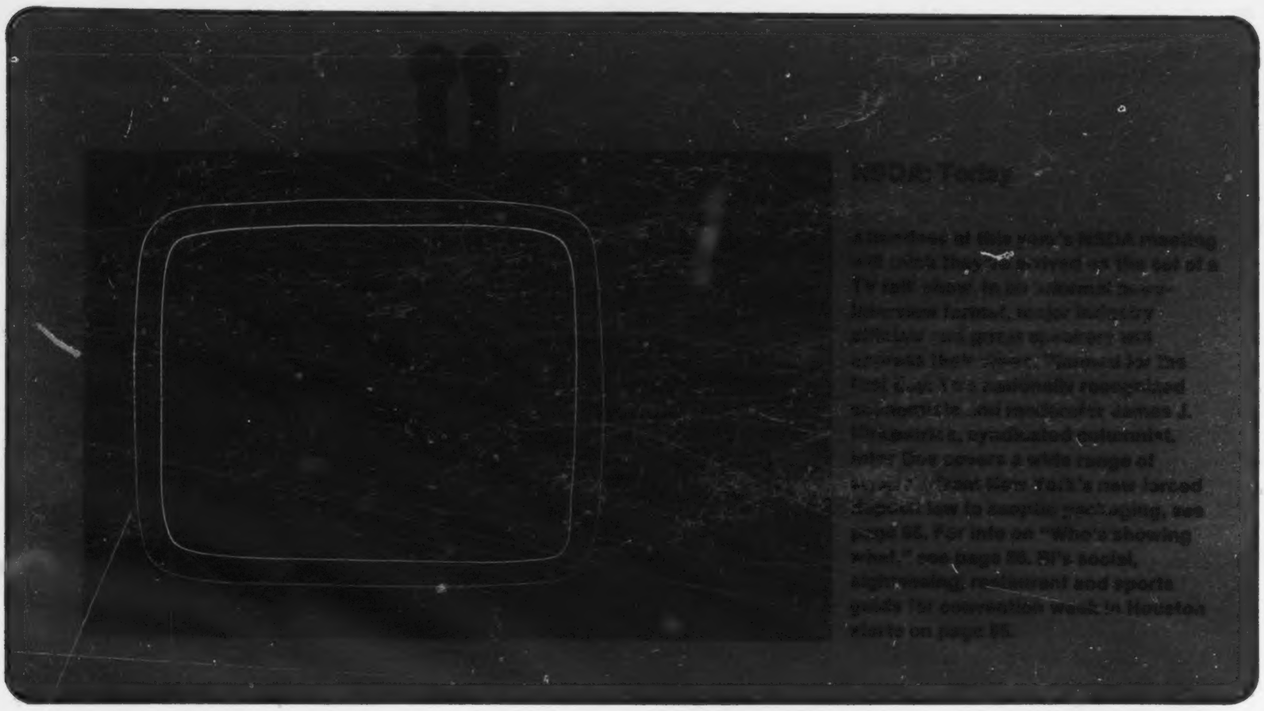
SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS NOVEMBER 1983

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY AN HBJ PUBLICATION



Nickel-Solution boosts NR sales 22.2% for beer

WASHINGTON, DC—A five-city, multi-phase program promoting beer in non-returnable bottles resulted in sales increases of 22.8% summer. The summertime effort was funded by voluntary nickel-an-hour contributions from employees of member companies of Glass Packaging Institute, located here.

Run in Jacksonville, Austin, Dallas/Ft. Worth and San Diego, the promotion involved 25 beer distributors. Case sales increases ranged from 60.5% to 16.7%. Share of market increases for NR glass ranged from 1.0 in Dallas/Ft. Worth to 5.5 in San Diego. Major Components

(Continued on page 34)

Investment group acquires Wometco for $842 million

MIAMI — Publicly-held Wometco Enterprises, located here, has entered into an agreement whereby a group of investors led by Kohlberg, Kravis, Roberts & Co. will acquire the firm and assume all debts. Total value of the acquisition reportedly is $842 million.

Although Wometco has other interests in addition to its Coca-Cola holdings, the purchase price is the highest ever reported for a soft drink firm. The firm is also one of the last remaining publicly held soft drink firms. Kohlberg, Kravis, Roberts, etc., is a private, closely-held firm which specializes in leveraged buyouts.

The acquisition comes after virtually a year of industry speculation which started when 82-year-old Mitchell Wolfson died last January. Wolfson founded the beverage/entertainment conglomerate and until his death was active in running the firm.

Wometco officials told **Beverage Industry** that the acquisition will be effected by a merger between the firm and a new privately-held firm to be owned by Kohlberg Kravis and "other investors". The source also said that "certain members of the Wometco management group will have the opportunity to become investors in the new firm."

In an official company announcement, Elton M. Cary, Wometco chairman, added, "Since Kohlberg Kravis is an investor group and not an operating firm, it has been their past practice to retain existing management and employees in order to assure the continuing growth and prosperity of the company."

The purchasers have agreed to pay $46.50 per share for each of the 18.1 million common shares outstanding. The group also agreed to assume $180 million in debts. The deal has been unanimously approved by the Wometco board, but must be approved by a majority of the stockholders and the Federal Communications Commission.

Wometco is reportedly the fourth largest U.S. Coke franchise. ☐

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BI Report

• Ed O'Reilly, president of Coca-Cola Bottling Co., New York, has been selected as this year's Beverage Industry Man of the Year. Chosen by a select group of industry suppliers, O'Reilly was cited for his contributions to the industry and his social accomplishments in his New England markets. He will be honored at this year's NSDA/InterBev meeting and will be featured in Beverage Industry's December issue.

• Pepsi-Cola reportedly plans major moves shortly. Look for redesigned graphics and new ad campaigns for most of the firm's products. Also in the wings: A new product (sources say it

(Continued on page 158)

Dr Pepper: New direction, ads, graphics

by William R. Dolan

LOS ANGELES — Buffeted for the past 18 months in the marketplace, Dr Pepper Co. has decided to move away from a "mainstream" soft drink approach and adopt a unified strategy for all company brands. The new program places major emphasis on what the company historically has promoted as the unique and original Dr Pepper taste. This new positioning is accompanied by new packaging, new advertising and new programs for fountain, cold drink and vending, all strong points of the Dallas-based soft drink maker.

More than 1,500 bottlers, spouses and suppliers were on hand here as the company

(Continued on page 56)

Houston Battleground

What's Houston like if you live there? More importantly, what's it like if you had to compete in the beverage market there. **Beverage Industry** launches its "Battleground" series with an upclose analysis of how the major soft drink and beer brands slug it out Houston-style, see Houston Battleground, page 10.

BI Now Package

Alcoa takes wraps off a plastic closure. See page 19.

Features

1 **NSDA: Today**
NSDA has borrowed a television talk show format to present its program at this year's convention, Dec. 5-7, the Astrohall, Houston. **BI's** advance look at what's going on in Houston starts on page 85.

4 **Root beer sales surge**
During the year of cola segmentation, virtually all support brands have been hurt. Root beers, however, have proven to be more resilient.

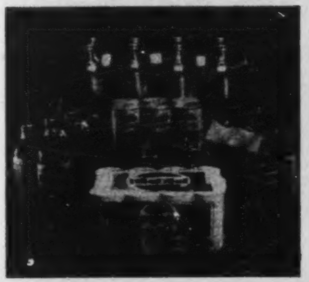
8 **Seagram's mixer rollout**
Having made it in the world's toughest market — the big Apple — Seagram's is now laying the groundwork for a national rollout. Seagram's Jerome Will details the market-by-market master plan.

10 **Battleground: Houston**
BI kicks off its new series of indepth market reports with a look at this year's convention site, Houston, TX. Anything goes in this market where Coke is the number one soft drink and Miller Lite is the number one beer.

17 **Year in review**
BI's Washington Correspondent Patricia Raber takes a look at 1983 regulatory and legislative activities and evaluates the gains and losses of the beverage industry.

20 **Bottler reduces shrink cost**
Allegheny Pepsi-Cola Bottling Co. anticipates an annual savings of $2.25 million per year on its multi-million dollar shrink wrapping investment.

page 10



page 20

Departments

NOW Package................19
Beverage Indicators.....53
Security..........................94
Reader Service............141
New Products..............148
New Literature.............153
Supply House..............154
Newsmakers................156
Classified......................159
Ad Index.......................161
Editorial........................162

Soundoff

Fighting by the other fellow's rules

"If a state proposes to increase the excise tax as a way to decrease consumption, many of us respond by listing the gross taxes we already pay to that state . . . But saying that is no argument against tax increases. And it doesn't even address the fundamental point in the proposal, that consumption should be decreased.

"By responding that way, we fight the battle on the turf and by the rules our opponents dictate. Sometimes it seems as though we're taking lessons in tactics from General Custer.

". . . Well, I have a suggestion for those in this industry who believe beer is an evil, for those who believe 'sin tax' is the right term . . . get out of it and get into a business you will feel more comfortable with. Because the action is going to get rough."

—William K. Howell, president, Miller Brewing, at the recent NBWA meeting in New Orleans.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 757 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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23 **Downey production center**
By revamping its Downey production center, LA Coke was able to consolidate all of its can production into one facility. Plant layouts, equipment details and management insights go behind the scenes.

35 **Canadian dairy in aseptics**
Farmers Dairy, Halifax, Nova Scotia, keeps its Combibloc packaging system running with a variety of beverages.

48 **New England Pepsi Co-op**
In 1981 seven New England Pepsi independents formed a co-op. Earlier this year they opened a new high speed production facility. Their success proves you can achieve low-cost production without losing your independent status.

69 **70% plan to expand**
The recession seems to be easing in the beverage business and producers are starting to make major capital expenditures in 1984.

112 **Beer distributor takes on SDs**
Burkett Distributing Co., Dodge City, KS, took on distribution of soft drinks produced by Wichita Seven-Up/Royal Crown Bottling Co. and found its per case transportation costs were considerably reduced.

144 **Population shifts affect market**
Beverage Marketing Corp. analyzes changes in consumer demographics and projects the effects of the greying of the heavy-user generation.

Farmers
chocolate
milk

page 35

page 114

C&C takes aim at majors with marketing push

New York, NY—Backed by a fresh advertising campaign and flashy new packaging, Shasta Beverages is hoping to pump up sales of its slumping C&C Cola by battling the majors. The Consolidated Foods subsidiary, which introduced the campaign at a press conference here in August, bought C&C last year.

Shasta is hopeful the campaign will eventually mean expansion for the regional brand, which is now only available in Florida, California and the New York area. "We didn't purchase C&C to keep it a regional brand," said Al Carosi, vp-marketing.

Shasta's advertising campaign, using the theme "C&C for yourself," is a blend of television ads, outdoor billboards and point-of-purchase materials. It highlights quality and taste instead of price, previously C&C's major selling point. On the average, a 2-L bottle retails for 99 cents.

The new packaging design is reflected on both 12 oz. cans and 2-L bottles. Regular C&C features a metallic silver can with the same red C&C logo. The diet has a white logo outlined in red and set on a light blue background with silver lines running through it. The aim was to give C&C a more contemporary image while retaining loyal customers.

The campaign was introduced to the California market in July and tested out successfully, Shasta reported.

"We didn't necessarily try to reinvent the wheel," said Carosi. "The brand has many good qualities that we want to maintain.

Nevertheless, there were some other changes. Shasta changed sweeteners from sucrose to fructose in regular C&C to realign it with the regular mainline Shasta brands, which all use fructose.

- For more information on **C&C Cola,** circle no. 394 on the reader service card. ☐

Our trailers start with the basics:
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Massive structural aluminum channel Main-Frame.
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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Cola	311.5	312.3	.3	305.9	2.1
Other carbonated soft drinks	147.3	146.3	(.7)	143.1	2.2
Noncarbonated drinks	140.1	140.5	.3	140.0	.4
Wine	239.1	236.3	(1.2)	235.3	.4
Beer and ale	222.7	224.1	.6	210.6	6.4

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	February 1983	March 1983	% Change	March 1982	March '82 vs. March '83 % Change
Glass Bottle Production Total Bottles:	21,043	26,415	25.5	27,406	(3.6)
Beverage: Refillable	287	318	10.8	386	(17.6)
Nonrefillable	3,069	4,846	57.9	4,964	(2.4)
Beer: Refillable	332	290	(12.7)	384	(24.5)
Nonrefillable	7,083	8,645	22.1	9,119	(5.2)
Liquor	962	1,284	33.5	1,157	11
Wine	625	761	21.8	736	3.4
Plastic Bottle Production* Carbonated beverages	136,846	176,131	28.7	172,758	2

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	April 1983	May 1983	% Change	May 1982	May '82 vs. May '83 % Change
Beer*	15,204,560	17,043,442	12.1	16,292,050	4.6
Whiskey	4,429,908	4,830,627	9.0	6,862,811	(29.8)
Brandy	542,707	468,237	13.7	486,033	(3.7)
Gin	427,258	495,537	16	465,559	6.4
Rum	111,127	91,123	(18)	39,195	132
Cordials & liqueurs	517,223	562,079	8.7	610,560	(7.9)
Others	524,424	652,130	24.4	621,096	5
Total	51,757,207	24,143,175	(53.4)	25,397,304	(4.9)
Sparkling wines	770,184	720,656	6.4	674,600	6.8
Still wines, table	7,910,930	8,652,127	9.4	8,860,949	(2.4)
Still wines, fortified	198,873	180,056	9.5	180,388	(.2)
Vermouth	246,425	275,093	11.6	174,003	58.4

*Includes ale, stout, porter

Source: National Association of Beverage Importers, Inc.

Closures for Beverages (thousands of gross)

	February 1983	March 1983	% Change	March 1982	March '82 vs. March '83 % Change
Metal (for spirits, wines)*	84,301	53,820	(36.2)	44,682	20.1
Plastic (for spirits, wines)*	123,936	118,862	(4.1)	139,456	(14.8)
Metal Crowns (beer & soft drinks)	14,586	17,484	20	21,953	(20.4)
Soft drinks (convenience and conventional types)	5,586	6,737	21	2,250	199
Beer (convenience and conventional types)	8,998	10,747	19.4	6,523	64.8
All other metal closures other than crowns	6,627	8,979	35.5	10,292	(12.6)

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Soft drinks	327.3	324.5	(.9)	318.0	2
Alcoholic beverages	205.2	205.9	.3	198.6	3.7
Beverages and beverage materials	263.3	262.8	(.2)	256.7	2.4
Packaged beverage materials	324.5	324.2	(.09)	323.1	.34

The Producer price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	–0–	NA	–
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–0–	13.82	3.1
Sugar, liquid ind. No. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–0–	32.70	(2)

NA: Not Available

Source: The Journal of Commerce

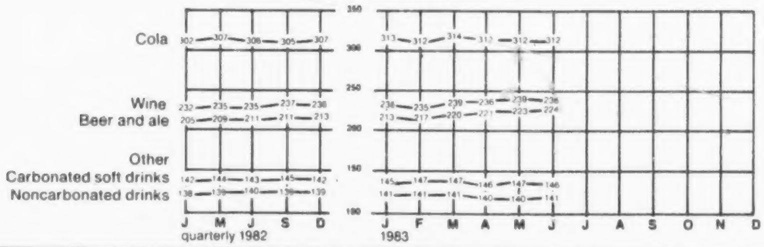
Alcoholic Beverage Removals (barrels of 31 gals)

	March 1983	April 1983	% Change	April 1982	April '82 vs. April '83 % Change
Beer	15,354,597	15,714,721	2.3	16,067,709	(2.2)
Wine*	35,337,365	33,697,354	(5)	31,647,546	6.7
Spirits*	30,742,546	27,378,551	(10.9)	29,495,615	(7.2)

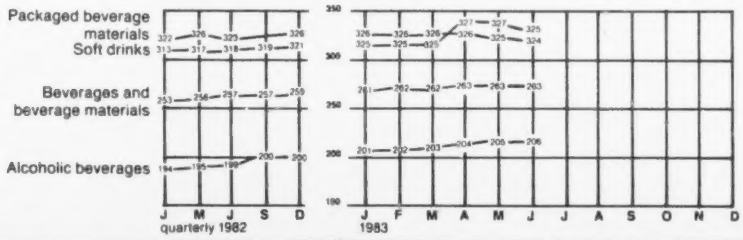
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

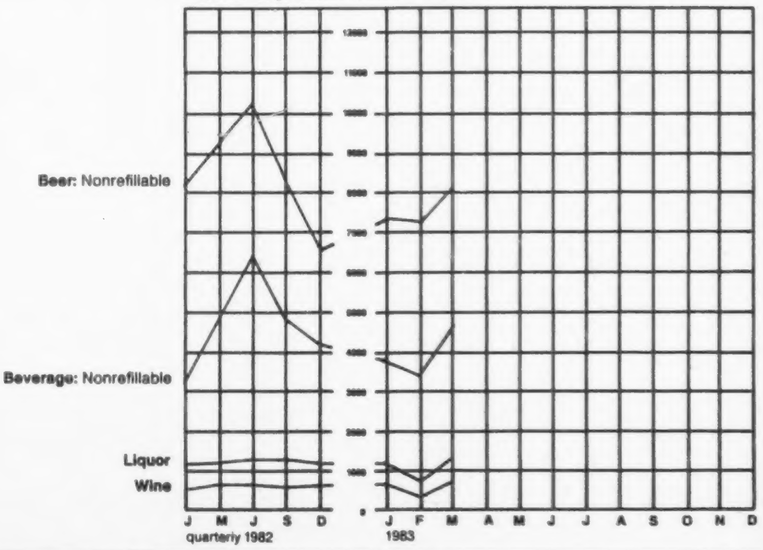
1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



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*Compiled by The Statistical Research Center (SRCH) of HBJ Publications

1984 Beverage Industry purchasing plans

70% of beverage firms plan capital expansion

SPECIAL REPORT—From all indications, the recession has ended for the beverage industry. Increasing sales and the rosier outlook for the U.S. economy evidently has encouraged producers to get out their budgets and start upgrading their physical plants.

According to a recently completed Beverage Industry study, 70% of the nation's beverage plants are planning to make capital investments. Over 10% will make major investments of over $1 million. Of the 70% which indicated they have planned to make capital expenditures, 63% said that the amounts budgeted were higher than in 1983. At the time of the study, 16% had planned to increase their capital investments, but the dollar amount had not been budgeted.

> ***10% will double expenditures; 13% will spend a million or more on new equipment.***

This year's study, for the first time, was expanded to include all segments of the beverage industry: Soft drinks, noncarbonated beverages (including juice drinks), wine, malt beverages, bottled water and juices. In excess of 200 forms were processed represented approximately 17% of the randomly selected base. The study was done in conjunction with the Infometrics National Research Center of Harcourt Brace Jovanovich Publications and tabulated by the Beverage Industry Statistical Research Center.

Soft drinks

Exhibitors at this year's NSDA exposition may have one of the best years yet. If the 57% who indicated they have planned to increase expenditures show up, business should be brisk.

Almost 60% of those planning to purchase equipment indicated they will spend more than in 1983.

Ten percent will double their expenditures and 13% will spend $1 million or more just on new equipment. 63% of the respondents indicated they had planned to invest in improving existing lines; 8% have budgeted in excess of $1 million for this purpose.

Twelve percent indicated

	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
BASE:	(191)	(88)	(33)	(10)	(21)	(18)	(24)
None	30%	31%	34%	44%	25%	32%	30%
Under $10,000	4	4	5	7	*	7	3
10,000-24,999	8	6	10	7	8	10	11
25,000-49,999	4	4	5	*	3	7	*
50,000-99,999	4	5	*	7	3	*	*
100,000-199,999	12	12	15	10	7	13	6
200,000-299,999	5	4	3	17	6	*	3
300,000-399,999	1	1	*	3	*	*	*
400,000-499,999	3	2	3	3	3	*	3
500,000-999,999	7	5	8	3	3	10	14
$1 Million and over	10	10	3	*	24	6	8
Amount Not Specified	16	17	18	*	19	14	22

	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
BASE:	(134)	(50)	(21)	(9)	(17)	(16)	(21)
Will Spend More	63%	57%	50%	67%	71%	66%	67%
Up to 10% More	22	14	29	44	12	22	34
11-20% More	12	11	21	11	24	*	8
21-30% More	5	9	*	*	6	*	8
31-50% More	8	11	*	*	6	22	8
51-70% More	3	*	*	11	6	*	*
71-100% More	13	11	*	*	17	22	8
Will Spend Same	14	11	21	11	17	11	16
Will Spend Less	23	32	29	22	12	23	17
Up to 10% Less	1	*	*	*	*	*	*
11-20% Less	2	3	*	*	6	*	*
21-30% Less	2	3	*	11	*	*	*
31-50% Less	7	9	14	*	6	12	6
51-70% Less	*	*	*	*	*	*	*
71-100% Less	11	17	14	11	*	11	11

	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
Base Production:	(161)	(80)	(28)	(8)	(19)	(14)	(12)
1-10% Increase	72%	75%	75%	63%	71%	71%	50%
11-20% Increase	23	20	25	25	29	29	33
No Increase	5	5	*	12	*	*	17
Ingredients							
1-10% Increase	74%	70%	75%	71%	33%	100%	33%
11-20% Increase	13	20	25	15	0	0	0
More than 20%	0	10	0	0	0	0	0
No Increase	12	0	0	14	67	0	0
Distribution							
1-10% Increase	71%	84%	63%	75%	75%	67%	80%
11-20% Increase	17	16	25	13	25	17	20
No Increase	12	0	12	12	0	16	0
Packaging							
1-10% Increase	82%	73%	88%	72%	72%	100%	67%
11-20% Increase	7	9	12	0	14	0	17
More than 20%	6	10	0	14	14	0	0
No Increase	5	8	*	14	*	*	16

New Equipment:	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
BASE:	(195)	(88)	(33)	(10)	(21)	(19)	(24)
None	27%	21%	31%	30%	29%	33%	33%
Under $10,000	1	3	*	5	*	*	*
10,000-24,999	9	8	8	20	5	*	17
25,000-49,999	6	10	8	*	5	22	*
50,000-99,999	1	*	*	5	*	*	*
100,000-199,999	6	5	8	*	5	22	*
200,000-299,999	8	8	8	30	5	*	8
300,000-399,999	*	*	*	*	*	*	*
400,000-499,999	1	3	*	*	*	*	*
500,000-999,999	8	8	8	10	5	*	8
$1 Million and over	13	13	8	*	29	11	8
Amount Not Specified	19	21	23	*	19	11	25

	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
BASE:	(183)	(78)	(33)	(10)	(21)	(17)	(24)
1 Line	16%	12%	9%	10%	20%	43%	17%
2 Lines	12	6	8	10	20	14	17
3 Lines	3	3	0	*	13	0	0
More than 3 Lines	4	3	8	0	0	0	8
None	65	76	75	80	47	43	58
Size and type of packages new lines will produce							
BASE:	(161)	(77)	(26)	(9)	(17)	(11)	(21)
12 Oz. Cans	41%	48%	17%	0%	92%	*	13%
16 Oz. or ½ Liter	36	64	17	25	31	17	13
1 Liter	30	44	33	25	23	33	13
2 Liter	21	44	0	0	8	17	13
Other	48	36	67	75	39	50	100

	Total	Carbonated Beverages	Non-carbonated Liquid Beverages	Wine	Malt Beverages	Bottled Water	Juices
BASE:	(174)	(93)	(24)	(11)	(21)	(9)	(16)
Bottle Washer	12%	18%	7%	*	10%	*	15%
NR Bottle Washer	19	21	14	9	29	22	8
Bottle and/or Can Filler	37	67	21	36	52	33	31
Proportioning/Cooling/ Carbonation Equipment	13	32	7	*	5	11	*
Cappers	21	29	14	45	10	*	10
Decappers	2	3	*	*	5	*	*
Refrigeration Equip.	27	37	14	18	33	11	13
Can/Bottle Warmer	7	18	*	*	5	*	*
Post/Pre-Mix Tank Washer	5	13	*	*	5	*	*
Post/Pre-Mix Filling Equipment	7	46	*	*	*	11	8
Boilers	14	24	21	*	10	11	*
Syrup Mixing System	13	21	14	*	*	22	8
Liquid Sugar Production System	8	16	7	*	10	*	*
Pasteurizers	12	11	14	9	19	11	*
Water Treatment	20	26	21	9	10	22	15
Multiple Package for Glass	10	13	*	*	24	*	8
Multiple Package for Cans	13	16	7	*	29	11	*
Uncaser	7	13	*	*	14	*	*
Case Packer	22	24	14	18	24	22	15
Depalletizer	12	16	*	*	24	*	15
Palletizer	18	29	7	9	24	*	15
Shrink Wrapper	22	32	43	*	5	11	15
Labeling Machine	21	11	14	18	24	22	46
Accumulating Table	14	21	7	9	24	11	*
Conveyors	39	52	36	18	48	22	23
Hand Trucks	10	13	14	*	10	11	8
Forklift Trucks	38	32	36	36	38	22	39
Sound Abatement Equipment	6	11	*	9	10	*	*
Computing Equipment	20	27	16	9	14	6	*
Quality Control for Lab	32	42	29	36	29	11	23
Electronic Inspection	19	24	7	18	43	*	*
Visual Inspection	2	3	*	*	*	*	8
Coding Equipment	35	47	29	27	33	22	31
Sanitation Equipment	31	39	29	27	14	22	23

they would install one new line in 1984; 6% have two-lines on the drawing boards; 3% are planning to install three new lines and 3% will install more than three lines. 64% of the new lines will be for 16 oz. or .5-L bottles, 48% for cans, 44% for 1-L and 2-L.

Fillers are high on the shopping list. 67% of the respondents indicated they had planned to purchase these items. Conveyors will be purchased by 52% of the respondents. Next highest are planned purchases of post- and pre-mix filling equipment indicating bottlers are beginning to take a more serious look at the fountain segment.

Brewery plans

In spite of continued sluggish sales, expansion can be expected to continue in the brewery industry. 75% of the respondents indicated they planned to make capital investments in 1984; 71% will spend more than they did in 1983.

To replace existing equipment, 19% have budgeted $1 million or more

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New equipment purchases are also planned by these producers. 29% indicated they had planned to make investments of $1 million or more for equipment; 24% will spend in excess of $1 million for improving existing equipment and lines.

To replace existing equipment, 19% have budgeted $1 million or more.

Twenty percent said they had plans to install one new line in '84; 20% have plans for two line expansions and 13% for three line additions; 92% of the new lines will be for cans.

Can and bottle fillers are also high on the shopping list for these firms. 52% have planned to purchase these units. Conveyors (48%) and electronic inspection equipment (43%) are also in demand.

Cost trends

Believe it or not, but some beverage producers say they incurred no cost increases in 1983. A lucky 5% had no increase in production costs; 12% had no increases in ingredient costs; 12% in distribution and 5% in packaging.

The other firms—by far in the majority—held their cost increases to between 1% and 10%. Among all categories, packaging costs appear to be the most manageable. 82% indicated that cost increases in this section were less than 10%. ☐

Soft drink manufacturers beware:

Population shifts to negatively affect soft drink consumption by 1990: study

by Holly Klokis

> *'The most likely response of the industry will be to continue development for specific products for appeal to older population groups . . .''*

Special Report—Over the course of the next seven years, the largest soft drink consuming segment of the population is going to shrink, negatively affecting cola consumption more than any other flavor. In response, soft drink manufacturers can be expected to continue segmenting brands by demographic characteristics, with the intention of capturing the older, health/diet conscious consumer.

This view of the future, backed up by never-before-published data on the demographics of the U.S. soft drink consumer, can be found in a new report available from the Beverage Marketing Corp.

The 1983 U.S. Soft Drink Market and Packaging Report contains demographic and trend information critical to the future of the industry, most significant of which are profiles of today's cola, non-cola, diet/sugar free and caffeine free flavor user. Based on this information obtained by BMC from Simmons Market Research Bureau, along with projections of population growth from the U.S. Census Bureau, the report outlines probable trends in the industry that will occur between now and 1990.

Among its findings, BMC concludes:

- "The percentage of the population in the 0 to 17 and the 18 to 34 age groups, the two groups which traditionally consume soft drinks at the greatest rate, will shrink from a total of 57.8% [of the population] in 1980 to about 45.4% in 1990;
- "The most likely response of the industry will be to continue development of specific products for appeal to older population groups, such as low calorie soft drinks, caffeine free and sodium free soft drinks, and "naturally flavored waters," i.e. bottled water with essence of lime, orange, grape, etc.,
- "And, the targeting of existing and new flavors to as yet untapped consumer segments, i.e. the positioning of diet Coke and Pepsi Light to diet conscious males."

Slowing consumption

While BMC admits the industry's response to this country's diet and health craze will minimize the effects of negative population shifts, it will not be able to overcome them. The rate of per capita consumption is predicted to slow, rising to 46.9 gallons in 1990 from 39.2 gallons in 1982. Total U.S. soft drink gallonage is expected to reach 11.7 billion in 1990, reflecting a five-year average annual growth of 2.9%, "a substantial departure from the 7.8% growth of the 1960s and the 6.3% growth of the 1970s."

In order to withstand the anticipated flattening of sales, the report advises soft drink marketers to minimize operating costs; resolve the sugar and artificial sweetener issues; increase soft drink availability through a variety of distribution channels; offer innovative and cost effective packaging, i.e., the triple neck can, bulk shipping, etc.; and, finally, understand its brands' heavy users and segment to those markets.

The 1983 U.S. Soft Drink Market and Packaging Report is BMC's second annual

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market report on this industry. In updating last year's survey, BMC contacted over 1,550 industry executives and managers to gather comprehensive data on gallonage, packaging, consumption, distribution and flavors. The report contains regional breakdowns for all the aforementioned, as well as data on advertising expenditures by brand and company; distribution by outlet; sales by brand and company; gallonage by flavor, including regular vs. diet, and the 100 top soft drink markets.

The study also provides figures for regional and national bulk vs. packaged gallonage, which indicate a shift taking place within the industry. In 1970, bulk gallonage represented 18.3% of total; by 1982, bulk had a 23.3% share vs. 76.7% for packaged. BMC expects that by 1990 the figures will be 26.3% vs. 73.7% for bulk and packaged, respectively. The growth of bulk, which has been at the expense of packaged, is projected to have an average annual increase of 4.9% between 1985 and 1990—more than twice the 2.2% predicted for packaged soft drinks.

1981 national and regional container mix by package type

(Millions of gallons)

	Cans		Refillables		Plastic		Non-Refillables		Total Packaged	
	Gallonage	Share	Gallonage	Share	Gallonage	Share	Gallonage	Share	Gallonage	Share
Northeast	424.5	32.4%	190.5	14.5%	377.3	28.8 %	319.8	24.4%	1,312.1	100.0%
South	438.2	25.7	567.8	33.3	381.2	22.4	318.0	18.6	1,705.2	100.0
East Central	510.7	34.8	626.6	42.7	192.2	13.1	137.9	9.4	1,467.44	100.0
West Central	249.1	42.7	194.9	33.4	79.3	13.6	60.1	10.3	583.4	100.0
Southwest	323.6	39.9	154.1	19.0	182.5	22.5	150.9	18.6	811.1	100.0
West	160.6	68.0	38.0	16.1	24.3	10.3	13.2	5.6	236.2	100.0
Pacific	323.9	48.0	176.4	26.1	115.1	17.1	59.7	8.8	675.0	100.0
National	2,431.0	35.8	1,912.0	28.2	1,368.4	20.1	1 ,079.7	15.9	6,790.5	100.0

Note: Regional totals may vary due to rounding.

Source: Beverage Marketing Corp.;
NSDA Annual Sales Survey

Copyright: Beverage Marketing Corp.
Beverage Industry
November 1983

Changing lifestyles

The increase in bulk sales is largely attributed to changing lifestyles: Working women and two wage earner families will continue the trend to eat out more often and those places that they are eating—fast food and mid-priced restaurants—feature syrup dispensing systems. In addition, BMC cites an increase in the number of locations for post-mix and cold cup vending, as well as more aggressive marketing of bulk syrup on the part of parent companies.

Regionally, due to its warm weather and heavy on-premise consumption, the Pacific area has the nation's highest bulk soft drink consumption, 28.9% of total gallonage. Conversely, with its high at-home consumption, the Northeast leads the nation in packaged soft drink consumption, 80.7% of total.

Although they lie on opposite coasts, the Pacific and Northeast regions do have one thing in common: They lead the nation in consumption of diet soft drinks. In the Northeast, diets maintained an annual growth rate of 10.5% between 1976 and 1981, capturing a 19.0% share in 1981. In the Pacific region, the growth rate for the same period was 10.2% and the share in 1981 was 21.2%.

Michael Bellas, president of BMC, attributes this to the sophistication of the two regions. "Both have people with higher incomes, higher education. They are the trend setters."

BMC has also updated its

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And [illegible] the Cummins product.

[illegible]

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U.S. soft drink packaged gallonage by type 1970-1982

	Regular			Diet			Total Packaged		
	Gallonage*	Share	Percent Change	Gallonage*	Share	Percent Change	Gallonage*	Share	Percent Change
1970	3,469.0	93.0%	—%	261.1	7.0%	—%	3,730.1	100.0%	—%
1971	3,724.7	93.0	7.3	280.4	7.0	7.3	4,005.1	100.0	4.4
1972	3,825.0	91.0	2.7	378.3	9.0	35.0	4,203.3	100.0	4.9
1973	4,048.3	91.0	5.6	400.4	9.0	5.8	4,448.7	100.0	5.8
1974	4,025.7	91.0	(0.6)	398.1	9.0	(0.5)	4,423.8	100.0	(0.6)
1975	4,104.9	90.0	2.0	456.1	10.0	4.6	4,561.0	100.0	3.1
1976	4,591.0	89.0	11.9	567.4	11.0	24.3	5,158.5	100.0	13.1
1977	4,961.8	88.0	8.0	676.6	12.0	19.2	5,638.4	100.0	9.3
1978	5,318.0	88.3	7.2	704.7	11.7	4.1	6,024.0	100.0	6.8
1979	5,455.3	86.6	2.6	844.1	13.4	19.9	6,305.2	100.0	4.7
1980	5,650.9	86.2	3.6	904.7	13.8	7.1	6,555.6	100.0	4.0
1981	5,771.9	85.0	2.1	1,018.6	15.0	12.6	6,790.5	100.0	3.6
1982 (E)	5,877.3	84.1	1.8	1,110.3	15.9	11.0	6,987.6	100.0	2.9

E = Estimated
*Gallons in millions
Source: Beverage Marketing Corp.

Copyright: Beverage Marketing Corp.
Beverage Industry
November 1983

regional container mix data to include information on 1981, revealing no major packaging shifts within the regions. The West and Pacific regions still lead the nation in use of cans, with a 68% and a 48% share, respectively. According to Janet Fanshawe, BMC vp-marketing, "The West and California have traditionally been convenience markets, as in the Northeast. But in the Northeast most consumption is at home. In the West and California the convenience market is geared to outdoor consumption, so people are more concerned about safety and breakage."

Reflecting the high Northeastern at-home consumption is the great number of non-refillables and 2-L's that are used there. This region leads the nation in market share for both, with a 24.4% share for non-refillables (the majority of which are 16 oz. PlastiShield) and a 28.8% share for 2-L's.

Recession felt

The high share of refillables in the East Central region (42.7%) is attributed to the severe effects of the recession felt there, making the economics of the returnable particularly appealing to the budget conscious.

In addition to regional packaging breakdowns, the report also outlines activity by package for the nation. Cans, which continue to dominate the U.S. container mix, have lost 8% of their share since their high of 43.8% in 1978. BMC attributes this to the success of 10 and 16 oz. PlastiShield, and .5-, 1- and 2-L PET.

PET slows down

The PET bottle continues to be the fastest growing package on the market, achieving almost a 22% share in five years. But, says the report, its annual percent change reveals slower 1982 growth rates despite introduction of smaller sizes.

Non-refillable glass containers are the second fastest growing package, advancing 6.8% in 1982. "The economics of the non-returnable glass package, resealability, size selection, long shelf life, excellent barrier properties and consumer documented taste test success, will help the non-refillable package compete against the can and PET packages," according to the report.

Refillable glass packages have declined to a 1982 26% share, down 5% from 1981. "The high costs of the packages' re-use, weight and poor safety features," notes the report, have contributed to the fourth year of negative percent change in a row.

BMC has also calculated the top 100 SMSA's which account for 5.5 billion gallons,

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or 60.6%, of the total 9.1 billion soft drink market. While the top three markets, New York, Los Angeles, Chicago, maintained their positions 1980-82, the remaining 22 of the top 25 showed a great deal of instability. Bellas attributes this volatility to economics and population shifts.

SMSA ranking

"The SMSA markets in regionally depressed areas are dropping in their ranking, while many SMSA's in the Sunbelt areas are going up. Not only is there a larger population between the ages of 20 and 25 in many of the higher ranking cities, they are also the sites of a lot of relocation. The ranking of these cities will follow population shifts," he says.

Statistics on the total U.S. soft drink market contained in the report show a 3.4% change in the 1982 market size, the lowest year-to-year growth rate since the industry's peak year of 1976.

This slower growth, says Bellas, has made it more profitable to operate and distribute from larger soft drink plants. In 1972 there were about 3,400 plants; by 1982 this number had halved to about 1,550. Bellas expects this trend to continue, ultimately resulting in about 500 to 750 plants serving the entire U.S. market by the end of this century.

For more information on or to purchase the 1983 Soft Drink Market and Packaging Report, contact Stephanie Bower or Janet Fanshawe at Beverage Marketing Corp., 866 Second Ave., New York, NY 10017; telephone, 212/688-7640. ☐

1982 national and regional bulk vs. packaged gallonage

(Millions of gallons)

	Gallonage	Bulk Percent Change	Share of Total	Gallonage	Packaged Percent Change	Share of Total	Total Pkg/Bulk
Northeast	328.5	5.8	19.3	1,375.2	4.8	80.7	1,703.7
South	537.7	5.2	23.5	1,745.2	2.3	76.5	2,282.9
East Central	404.1	1.2	21.3	1,490.6	1.7	78.7	1,894.7
West Central	167.0	4.9	22.0	589.7	1.1	77.9	756.7
Southwest	290.9	8.2	25.4	852.8	11.7	74.6	1,143.7
West	81.5	5.8	24.7	248.7	5.3	75.3	330.2
Pacific	278.6	6.8	28.9	685.4	0.9	71.1	964.0
National	2,088.3	5.1	23.0	6,987.6	2.9	77.0	9,075.9

Note: Totals may vary due to rounding.

Source: Beverage Marketing Corp.

Copyright: Beverage Marketing Corp.
Beverage Industry,
November 1983

System turns waste into ethyl alcohol

WATERTOWN, WI—A fermentation process system is permitting a canning plant here to conform to stiffer local laws on waste discharge while enabling it to recoup part of the $450,000 price tag through the production and sale of ethyl alcohol.

Wis-Pak, Inc., the nation's largest Pepsi-Cola cooperative canning plant, was ordered by Wisconsin's Department of Natural Resources to reduce the discharge of waste into the city's municipal sewage system after tests revealed that 40% of the sewage the system couldn't handle was from Wis-Pak. Excess sewage wound up in nearby creeks.

"As we grew we started pouring more and more BOD into the sewage system," says Arnold Fobes, vp and general manager of Wis-Pak, "We had to find some way of disposing of BOD and sludge."

Wis-Pak looked at several disposal systems before selecting the Fermentec 6000 by Fermentec Corp.

"This was the only system that we looked at where we could get a return on our investment," Fobes says. "With other systems like reverse osmosis you get a lot of equipment which just rusts away."

Fobes reports the Fermentec 6000 will produce at least 60,000 gallons of ethyl alcohol annually. The ethanol will be blended with gasoline to produce a gasohol-type product.

● For more information on the Fermentec 6000, circle no. 305 on reader service card. ☐

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Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY AN HBJ PUBLICATION

Ed O'Reilly named BI Man of the Year

Dedicated soft drink executive directs 'born again' New York Coke

by Paul E. Mullins

GREENWICH, CT—New York, the Big Apple, has the reputation of being the world's toughest market whether you're selling widgets or beverages.

This year's Beverage Industry Man of the Year, Ed O'Reilly, president and chief operating officer of New York Coca-Cola Bottling Co. has not only made it in this tough market, he made it the roughest way possible: on the streets as a distributor of Royal Crown Cola. That was more than 20 years ago, but O'Reilly still remembers what it was like and relates that knowledge to his own operation today.

"Because I started on a route truck, I know how I wanted to be treated. I know I didn't think any less of myself 23 years ago than I do today in terms of my own self esteem. I know how I wanted to be treated and I know how those of us who were treated

(Continued on page 20)

Expect courts ruling on ingredient labels

by Pat Raber

WASHINGTON, DC—The lingering question over whether alcoholic beverages should contain ingredient labeling will be answered shortly by the appellate court here.

The Bureau of Alcohol, Tobacco and Firearms (BATF), along with the Wine Institute and Distilled Spirits Council of the U.S., are awaiting a decision on the legality of BATF's 1981 rescission of a 1980 labeling rule, claiming the costs outweigh the benefits.

Last February, the district court here ordered BATF to reinstate the rule, effective February 1984, agreeing with a 1982 suit by the Center for Science in the Public Interest that the agency had been arbitrary and capricious by failing to adequately explain the reasons for the rescission.

BATF appealed the order shortly after it complied with

(Continued on page 24)

BI Report

- **Forstmann Little, a privately-owned, New York-based investment firm, acquired Dr Pepper Co. last month in what amounts to a leveraged buyback deal, which will allow key executives to participate in ownership of the firm. Total value of the deal is approximately $627 million with Forstmann Little agreeing to pick up $110 million in Dr Pepper debt. As a privately held firm Dr Pepper is expected to have more funds available to expand marketing support, step up regional support in key high per capita markets.**

- **The U.S. Court of Appeals for the District of Columbia has ruled that the Secretary of Agriculture overstepped his bounds when he issued regulations**

(Continued on page 53)

Aluminum can exempt from DE deposit law

WASHINGTON, DC—Because of successful aluminum recycling, the Delaware legislature has exempted aluminum cans from the state's beverage container deposit law.

Gov. Pierre Du Pont signed in July legislation under which the aluminum can is exempted from the 5-cent de-

(Continued on page 6)

272 mega–firms operate half of U.S. bottling plants

by Holly Klokis

SPECIAL REPORT—The next time someone is talking about a particular soft drink plant, the chances are nearly 50-50 that plant is owned by one of 272 headquarter companies that control half the nation's filling locations.

Chances are about 1-in-4 that particular plant is owned by one of the 39 headquarter companies that control half the industry's dollar volume through one-quarter of the country's plants.

Industry consolidation/concentration is nothing new; the term has been bandied about for the past decade. Yet, the rate at which it is happening is worth noting: Last year, **Beverage Industry** reported that 33 companies, all with sales volumes over $100 million, controlled 42% of total sales volume. This year, the figure has been upped to 39 companies and they are generating 52.8% of the soft drink industry's sales volume.

These statistics, obtained from Beverage Marketing Corp.'s 1983 study, "Who

(Continued on page 34)

BI Now Package

SUN SPOTS
9 PAK
SUN SPOTS
9 PAK

Manville debuts aseptic multi-pack. See page 42.

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Features

1 **BI's Man of the Year**
Ed O'Reilly, president of New York Coke, has been chosen as this year's Man of the Year, the 10th recipient of this award. O'Reilly is saluted for his industry and civic accomplishments.

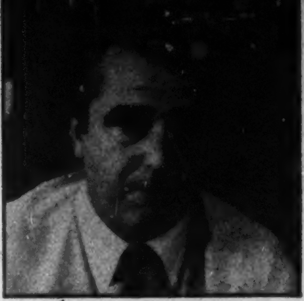
4 **Seven-Up opens consumer center**
Seven-Up Co. has opened the industry's first consumer telephone center, staffed during the week to answer any questions consumers might have about its products. The consumer center number is being printed on all packages.

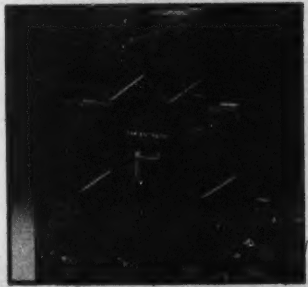
10 **Reusable plastic cases save dollars**
Plastic returnable beverage cases are gaining popularity in the soft drink industry, and is it any wonder why? Dallas Seven-Up reports it saved $58,000 in just the first four months of use.

12 **Squirt & Co. enters aseptic market**
It was the first soft drink manufacturer to use 100% NutraSweet, and now it's taken the lead in another market. Squirt & Co. has entered the aseptic market in its native Michigan with its Sunglo line of juices and fruit drinks.

14 **'Wrapping up' the 2-L market**
Hercules, Inc., is "wrapping up" the 2-L market with an all-polypropylene, wraparound label, said to be resistant to wrinkles, mold and scuffs, and is joining with Sewell Plastics to bring the label to bottlers.

18 **Aseptic battle ignites in New Orleans**
Louisiana Coke and MSB Manufacturing Co. have both entered the aseptic juice market with their own products and are going head to head in the New Orleans market.


page 1


page 12

Departments

Reader service.................7
Beverage Indicators 33
Plant Security 36
Trucks..............................42
NOW Package................42
New Products 44
New Literature...............45
Newsmakers..................46
Supply House.................47
Classified ads 48
Ad Index..........................52
Editorial 54

Soundoff

Ed O'Reilly: soft drink peddler in classic sense

"From his initial days as a distributor to increasing levels of responsibilities at Joyce Beverages . . . and subsequently at Royal Crown . . . to his present role with Coke-New York, Ed has been a soft drink 'peddler' in the finest, classic sense of the word.

"Ed has one of the most highly developed senses of intellectual honesty I have ever encountered; this, together with a remarkable blend of 'street smarts' and strategic acuity combine to make up a 'soft drink man's soft drink man.'

One of Ed's most notable contributions (of many!) to this company has been his success in building, motivating and leading an outstanding team of extraordinarily talented, capable and dedicated people. This is clearly the hallmark of a true professional . . ."

Charles E. F. Millard
Chairman and CEO, NY-Coke
on nominating Ed O'Reilly
as this year's man of the year.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 757 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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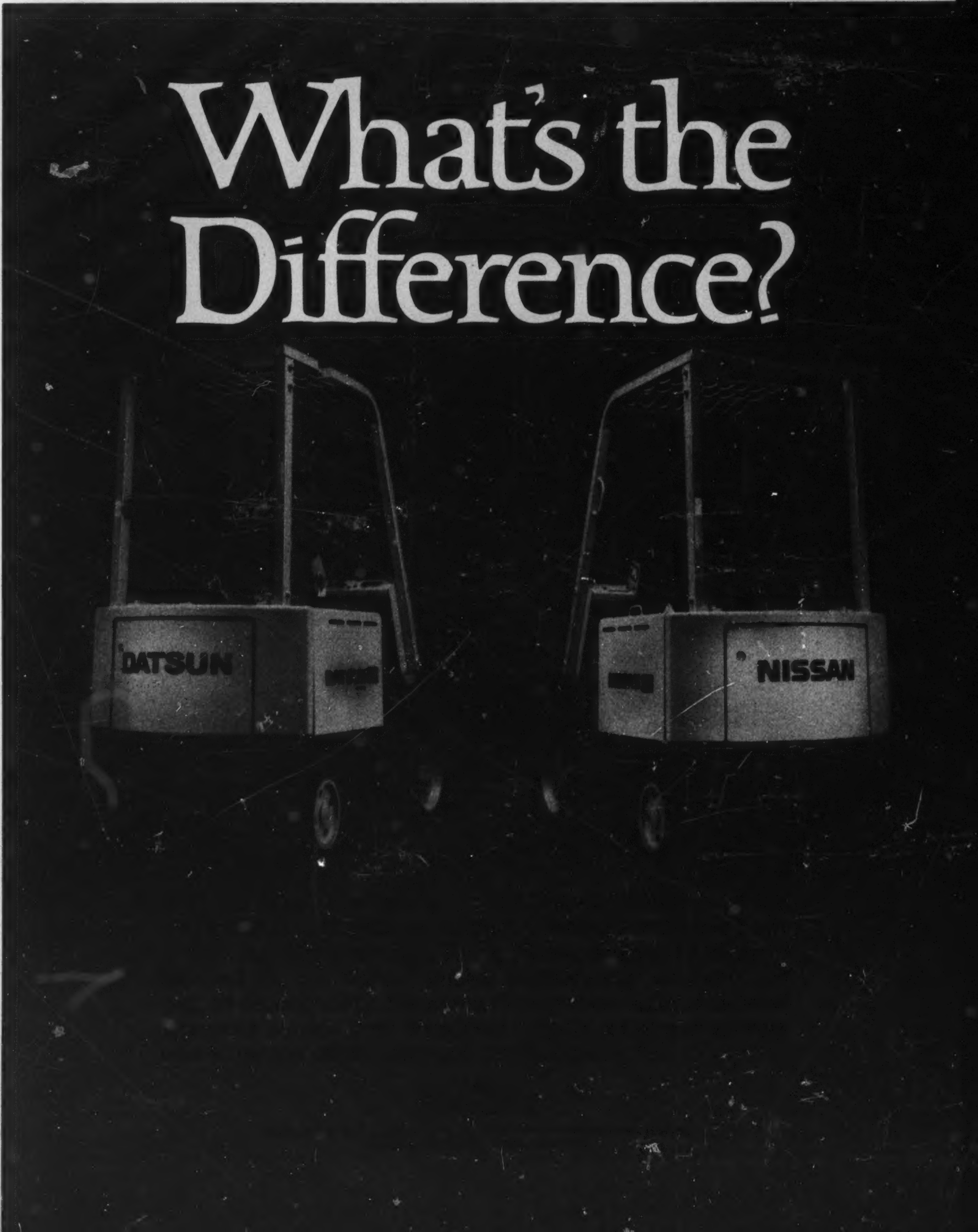
POSTMASTER: Send address changes to BEVERAGE INDUSTRY, P.O. Box 6259, Duluth, Minnesota 55806.



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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Cola	312.3	307.8	(1.4)	302.9	1.6
Other carbonated soft drinks	146.3	142.6	(2.5)	143.3	(.5)
Noncarbonated drinks	140.5	140.7	.14	139.2	1.1
Wine	236.3	245.2	3.8	236.5	3.7
Beer and ale	224.1	223.6	(.22)	211.9	5.5

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	March 1983	April 1983	% Change	April 1982	April '82 vs. April '83 % Change
Glass Bottle Production Total Bottles:	26,415	24,299	(8)	26,190	(7.2)
Beverage: Refillable	318	326	2.5	355	(8.2)
Nonrefillable	4,846	4,545	(6.2)	4,801	(5.3)
Beer: Refillable	290	341	17.6	345	(1.2)
Nonrefillable	8,645	8,561	(1)	9,150	(6.4)
Liquor	1,284	1,055	(17.8)	1,119	(5.7)
Wine	761	700	(8)	722	(3)
Plastic Bottle Production* Carbonated beverages	176,972	175,972	(.6)	169,138	4

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Beer*	17,043,442	16,430,629	(3.6)	NA	–
Whiskey	4,830,627	12,201,569	152	NA	–
Brandy	468,237	526,653	12.5	NA	–
Gin	495,537	529,830	6.9	NA	–
Rum	91,123	89,562	(1.7)	NA	–
Cordials & liqueurs	562,079	718,127	27.8	NA	–
Others	652,130	1,369,658	108	NA	–
Total	24,143,175	31,856,048	32	NA	–
Sparkling wines	720,656	798,739	11	NA	–
Still wines, table	8,652,127	10,095,973	17	NA	–
Still wines, fortified	180,056	246,161	36.7	NA	–
Vermouth	275,093	211,519	23.1	NA	–

*Includes ale, stout, porter
NA: Not Available
Source: National Association of Beverage Importers, Inc.

Closures for Beverages (thousands of gross)

	March 1983	April 1983	% Change	April 1982	April '82 vs. April '83 % Change
Metal (for spirits, wines)*	53,820	73,006	35.6	60,613	20.4
Plastic (for spirits, wines)*	118,862	113,017	(5)	142,025	(20.4)
Metal Crowns (beer & soft drinks)	17,484	15,475	(11.5)	21,254	(27.2)
Soft drinks (convenience and conventional types)	6,737	6,481	(3.8)	7,499	(13.6)
Beer (convenience and conventional types)	10,747	8,994	(16.3)	13,755	(34.6)
All other metal closures other than crowns	8,979	7,624	(15.1)	6,024	26.6

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Soft drinks	324.5	323.9	(.18)	319.8	1.3
Alcoholic beverages	205.9	206.3	.19	198.3	4
Beverages and beverage materials	262.8	263	.1	256.9	2.4
Packaged beverage materials	324.2	324.5	.1	322	.1

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	–0–	NA	–
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–0–	13.82	3.1
Sugar, liquid ind. No. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–0–	32.70	(1.5)

NA: Not Available
Source: The Journal of Commerce

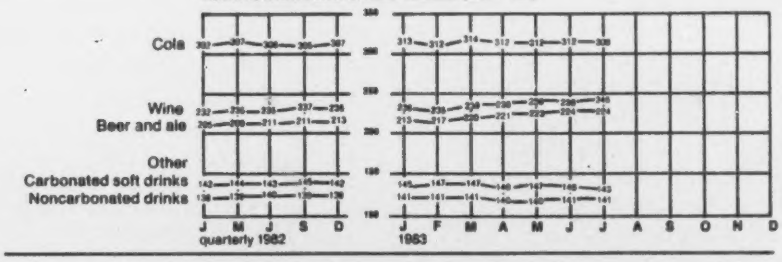
Alcoholic Beverage Removals (barrels of 31 gals)

	April 1983	May 1983	% Change	May 1982	May '82 vs. May '83 % Change
Beer	15,714,721	17,123,716	9	16,855,485	1.6
Wine*	33,697,365	35,210,696	4.5	31,191,935	12.9
Spirits*	27,378,551	31,151,321	13.8	28,482,046	9.4

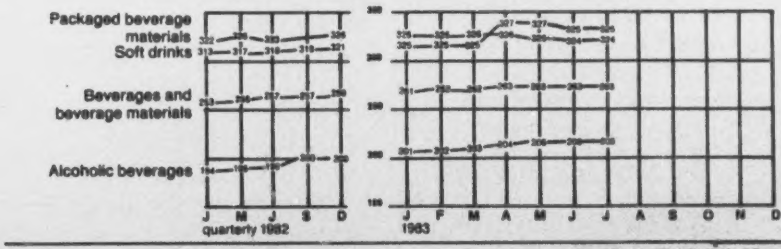
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

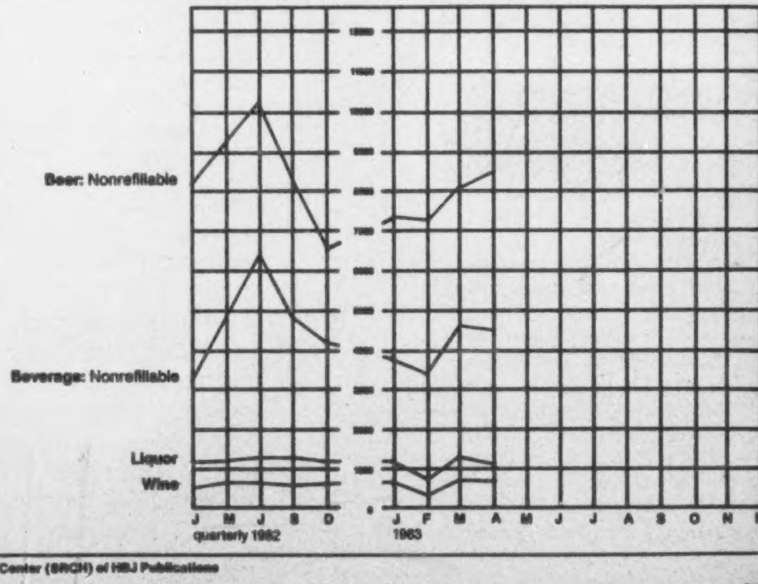
1983 Consumer Price Index (1967 – 100)



1983 Producer Price Index (1967 – 100)



Bottle Shipments (thousands of gross)



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*Compiled by The Statistical Research Center (SRCH) of HBJ Publications

272 firms control 50% of U.S. plants

(Continued from page 1)

Owns Who in the U.S. Soft Drink Industry," also show that of those top 39 firms, six companies control sales over $500 million; seven fall in the $250-$500 million bracket, and the remaining 26 control between $100 million and $250 million (*See related listing, page 10.*)

What Beverage Marketing defines as a headquarter company is any company that owns more than one filling and/or distributing location. Those top 39 firms, for example, own a total of 357 filling plants and 429 distribution locations. From them flows $10.5 billion worth of soft drinks annually—over half of this industry's output.

There are 1,552 filling locations in the U.S. at this writing; 752 of them are controlled by headquarter companies. The remaining 800 are independently owned and operated. While the number of plants is roughly equal, 48.5% vs. 51.5%, those 752 account for 75.6% of the nation's business. Each has an average dollar volume of $20.05 million, compared with $6.09 million for independents.

Efficiencies of scale

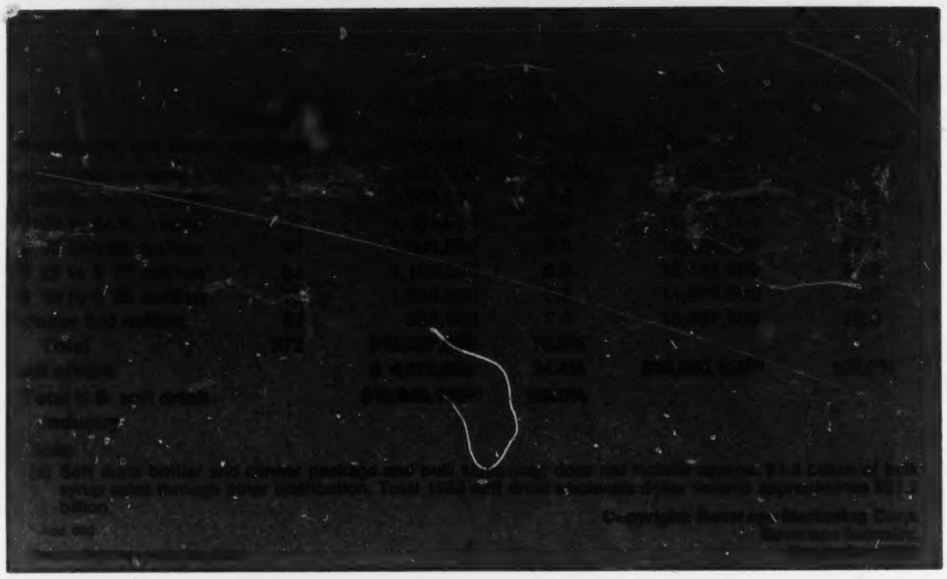
"Note that the efficiencies of those larger plants are taking over," says Michael Bellas, president of Beverage Marketing Corp. "More companies are trying to become the low-cost producer, the most efficient producer. In order to do that you need an efficient production facility. This is why more companies are concentrating on regional strength as opposed to local territory strength. They are looking to put together strong regional bottler networks," he continues.

"Consider Associated Coke, for example. When Coke USA bought Associated Coke, they broke it up and sold the territories to those people which could build efficient, more competitive entities. And those entities that they're building are large regional powerhouses, rather than local, or state powerhouses. Now they can produce and advertise more efficiently."

Looking at a breakdown of plants by size, headquarter controlled vs. all others (*see chart*), it can be seen that the headquarter companies dominate the filling operations in the higher sales categories. Note, there are 546 headquarter company plants with sales of $5 million or more. There are only 198 independently owned plants in that same category.

Conversely, the independents dominate in the lower sales categories: 602 independents with sales below $5 million, 206 headquarter operated.

In addition to operating 752 filling locations, the 272 headquarter companies also control 833 distribution locations. Less easily documented though, are the distribution locations controlled by the 800 independents. Bellas estimates these to be somewhere around 600, "but these distribution points are mainly beer wholesalers who distribute Schweppes or White Rock—or a guy who buys his products from a co-op. Or even," Bellas continues, "a wine or



Johnny Unitas Joins Team-International.

Here's the story.

When the legendary football great, Johnny Unitas, was a teenager, he helped his older brother, an Owner Operator, work on his two heavy duty trucks. Since then, even during his 18 year gridiron career, Johnny has continued his interest in trucks.

Unitas Air Freight

For the past several years, Unitas has owned an air freight customer service business in Baltimore, operating different makes of medium duty trucks. And, mostly Internationals. The fact that he makes his living from trucks led Johnny to talk to our president, Neil Springer. Neil suggested that Johnny become a nationwide Customer Advisor for International Trucks.

Johnny heartily agreed.

The demand for excellence

Johnny Unitas has many of the qualities we Americans respect. He is a proven leader. A man of integrity who has stood tall in the face of adversity. Johnny Unitas never had it easy. He worked hard to be successful. We at International can identify with that. His demand for excellence in everything is our demand for excellence in our trucks.

Johnny was driven to be number one, just as our employees are motivated to help our company continue to be the leader in the industry.

John and International

So now, Johnny Unitas is going on the road for International. He'll be talking to customers about their needs, and what they expect from International. Then he will come back and tell us what we must do to make our trucks and our service better than ever.

John Unitas is a winner. As our Customer Advisor, we know he'll do a great job for International. Which means we, in turn, will continue to do an even better job for you, our customers.

The IH commitment

If you'd like to find out more about Johnny's commitment to us, and our commitment to you, write Johnny Unitas
℅ International Trucks
401 N. Michigan Ave.,
Chicago, IL 60611.

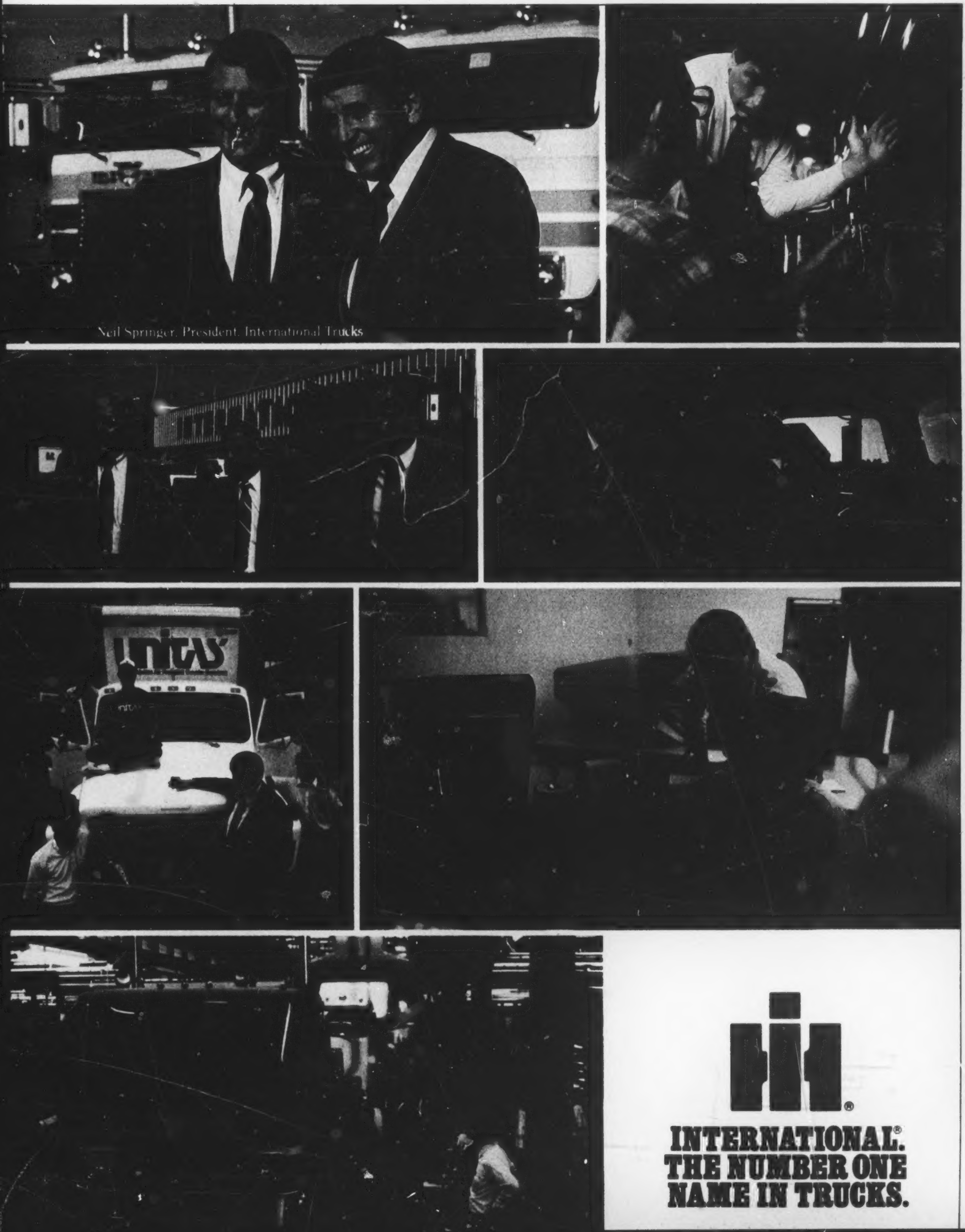
Johnny speaks for us. Our Trucks speak for themselves.

[illegible]

spirits distributor who has picked up some mixer line."

Beverage Marketing Corp.'s "Who Owns Who" report lists each headquarter company and its subsidiaries, as well as profiles each subsidiary (name, address, manager's name, supervisor's names, number of delivery vehicles, sales range, and brands). The report is cross-referenced with headquarters listed alphabetically and by state. Subsidiaries are cross-referenced alphabetically.

- For more information on, or to purchase "Who Owns Who in the U.S. Soft Drink Industry," contact Beverage Marketing Corp., 866 Second Ave., New York, NY 10017; tel. 212/688-7640. ☐


Neil Springer, President, International Trucks
unitas

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THE NUMBER ONE
NAME IN TRUCKS.

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

JANUARY 1984

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

AN HBJ PUBLICATION

Near record attendance

14,424 jam halls at Houston NSDA

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-Final attend-
983 NSDA meet-
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attended the
tlanta in 1982.
l, 2,680 were bot-
s of NSDA, 940
llied beverage in-
cluding foreign

soft drink executives), 8,000 were suppliers, 2,000 were spouses, and 336 were non-exhibiting associate members. The remainder was made up of press and unaffiliated guests.

Most of the attendees showed up the first day when registration topped 13,000 to

(Continued on page 26)

o details Pepsi goals
4, plans big ad push

*te: The follow-
eech by Roger Enrico. He spoke at the annual meeting of the Pepsi Cola Bottlers Association on Wednesday, December 7, at the Houston Hyatt Regency Hotel during the NSDA/Inter Bev expo. Enrico is the president of Pepsi Cola USA.*

*The speech has been edited to conform to **BI** style.*

Ladies and Gentlemen, this Pepsi enterprise is about to go on a roll. The momentum is within our grasp. It's spinning out there and we can capitalize on it if we work as partners.

If we have faith in the future. If we make the investment in this business. In short, if we have the 'will' to make it happen, we CAN make it happen.

Let me tell you I have the will. I am determined. I'll make the investment and I understand what real partnership means. So come along with me for the next few minutes. Let me tell you what we're going to do—that's you and me—to put this enterprise on a roll for 1984.

First, let's think back to this time last year: Aspartame was still six months away from FDA approval;

(Continued on page 10)

BI Report

• Speaking at the PCBA meeting at NSDA, *(see above)* Pepsi-Cola USA President Roger Enrico revealed that total Pepsi sales are up 5% and that Pepsi Free will sell 150 million 8-oz. cases in 1983.

• No successor chosen for Dwight Reed at this year's meeting. The NSDA Board met in all-day executive session at the convention and considered two candidates. One withdrew, opt-

(Continued on page 62)

Soft drink ban overturned by appellate court

WASHINGTON, DC—After four years of fighting with the United States Department of Agriculture and the district court here, the NSDA finally won its argument that the agency's "competitive foods" rule is too strict.

In a 2-1 decision, the U.S. Court of Appeals here overturned USDA's July 1980 regulation which banned the sale of soft drinks and other foods of "minimal nutritional value" until after the last school

(Continued on page 20)

Minute Maid
GRAPEFRUIT JUICE
NEW!
100% PURE · READY TO DRINK
8.45 FL.OZ.
Jöös mate
Punch
Contains 20% fruit juice
All Natural Flavor
No Preservatives Added

First in the aseptics was the 8.45 oz. package, at left. Now Jöös mate enters the 350-ml package.

Bottlers flood aseptic market

Special Report—Having observed the various aseptic-packed products in the market for roughly a year, the soft drink industry appears to be set to launch a major move into this area. Beverage Industry estimates that between now and the middle of the year some 20 additional aseptic machines will be installed to service as many as 250 soft drink companies.

These 250 firms will be involved in aseptic packages in several ways:

- Outright production of their own brands.
- Distribution of a national brand or a proprietary brand produced by a co-packer or by a co-op.
- Vending of a package, either their own, a proprietary product, or a national brand.

Behind the rush to aseptics are two factors. Bottlers have had the opportunity to observe the success and methodology of the national brand marketeers and feel that they can do better with their own systems. Bottlers feel that the 1983 soft drink gains have been bought as a result of new product intro-

(Continued on page 51)

BI Now Package

NEW! HANDY 12 PACK
Return Bottles in Box for Refund
12 16 Oz Bottles
Coke
Coca-Cola

Coca-Cola has introduced a 12-pack for 16-oz. bottles. See page 20.

Beer industry has modest bounceback, up 1% in '83

Special Report—An extra hot summer coupled with a growing demand for imported, light and popular brand beers were attributed to the brewing industry's modest 1.0% increase in 1983 production.

Total volume reached 184.2 million barrels, compared with 182.4 million barrels in 1982. Domestic production was up 0.7% or 177.9 million barrels, compared to 0.4% or 176.6 million barrels the preceding year. The imported beer segment gained a healthy 8.0% over the previous year, up from 5.8 million barrels in 1982 to 6.3 million barrels.

The year also saw super premium and premium beer segments under pressure with continued market share losses in both areas. Major gainers continue to be the light and popular brands in addition to imports.

John Maxwell, **Beverage Industry's** director of research/statistics, believes had it not been for the extra hot 1983 summer, the domestic beer industry's volume could have been flat or down.

1983 top ten brands

Rank	Brand	Market share
1	Budweiser	23.1%
2	Miller High Life	9.7
3	Miller Lite	8.7
4	Coors	5.3
5	Pabst	4.1
6	Old Milwaukee	4.1
7	Michelob	3.8
8	Old Style	3.1
9	Stroh	2.9
10	Bud Light	2.0

"We believe that people are moving away from alcoholic beverages—including wine, beer and liquor—across the board," says Maxwell. He adds that Alcoholics Anonymous is at a new high in registration, drunken driving laws are being enforced across the country, and on a brighter note, Maxwell points to the good increases

(Continued on page 15)

BEST COPY AVAILABLE

Beverage Industry

Non-sparkling water at 76.1% of U.S. bottled water market

by Holly Klokis

Special Report—"For that segment of the population which is diet and health conscious, sodium and caffeine conscious, what could be better than natural waters?"

That question, posed by Janet Fanshawe, vp of Beverage Marketing Corp., illustrates the demographics of many people drinking bottled water today. The complete story of this market's growth, however, includes much more than health concerns.

The growth of the largest segment of the market, the non-sparkling category, estimated by BMC to be 76.1% or 711.0 million gallons of the 1983 bottled water market, has been traditionally the result of real, as well as perceived, quality problems with municipal water supplies, says Fanshawe. As an example, she cites California's perceived taste problems with its water as being one reason for its high per capita consumption.

The domestic sparkling waters, club soda and seltzers, on the other hand, have borrowed from the hype surrounding imported waters to fuel their growth, helping to maintain the 14% annual growth rate that the bottled water market has experienced in recent years.

"The 1984 Bottled Water Market and Packaging Report," the latest study compiled by BMC, is the first comprehensive report on this segment of the beverage industry. Consisting of facts and figures on national, regional and state markets, non-sparkling and sparkling segments, packaging, demographics, distribution and pricing, the report makes one thing clear: What has traditionally been called "the bottled water market" is really two, possibly, three, separate

(Continued on page 9)

U.S. bottled water market

	Total Gallonage (millions)	Per Capita Consumption (gal)
1976	307.0	1.4
1977	335.1	1.5
1978	480.2	2.2
1979	564.5	2.5
1980	628.2	2.8
1981	720.3	3.1
1982	816.1	3.5
1983(E)	934.6	4.0

Source: Beverage Marketing Corp.

Copyright: Beverage Marketing Corp.,
Beverage Industry,
January 1984

Diet Sprite makes debut with new packaging, NutraSweet

Atlanta—Sugar Free Sprite—Coke USA's low-calorie lemon-lime soft drink—debuted Nov. 30 with a new name, new taste and new package graphics, according to company spokesman Rob Martin.

Now with NutraSweet, diet Sprite replaces Sugar Free Sprite, a name that dates to 1974 when the low-calorie soft drink first entered the U.S. market. New diet Sprite initially will be available in 12 oz. cans and 2-L plastic bottles in Albuquerque, NM. Other markets debuted diet Sprite in December, says Martin.

Brian G. Dyson, president of Coke USA, says the change in the product's name is aimed at better recognition from diet-conscious consumers. "The word 'diet' clearly states the aim of diet Sprite to calorie-conscious consumers, while building on the equity of the Lymon taste, now even better with NutraSweet," he said. ☐

diet
Sprite

Diet Sprite replaces Sugar Free Sprite.

Aspartame powers Squirt products to sales gains

Special Report—Squirt and Company, the first U.S. soft drink firm to market a diet soda with 100% NutraSweet, enjoyed an impressive 27.3% sales increase over last year, thanks largely to a huge sales gain in the diet soft drink sector.

"The new diet formulation has given us a formidable entry in this segment and is helping to grow both our brands," Mike Fogarty, president of the Holland, MI-based company, told **Beverage Industry.**

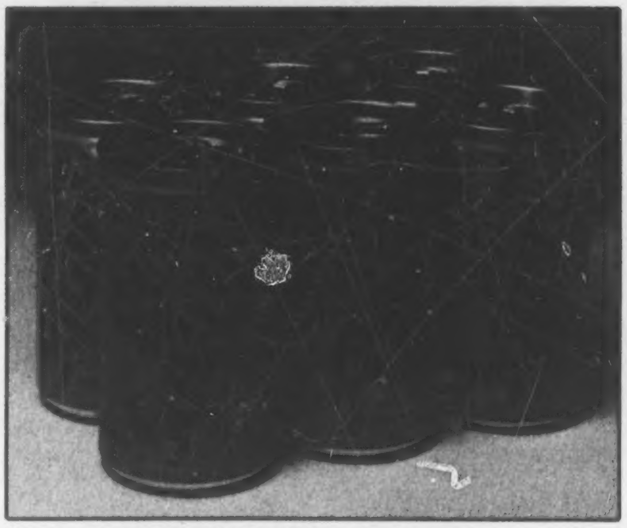
Diet Squirt, in the .5-L PET, topped the company's sales chart with a big 135.9% increase while the 2-L product recorded a 109.3% sales mark.

Diet Squirt in cans followed the success of the bottled entries with an 89.5% gain.

The figures, meanwhile, according to Fogarty, represent a huge 100.2% sales increase overall for the company's diet soft drinks.

The aspartame-sweetened Diet Squirt was test marketed in Holland, MI before the firm decided to distribute the beverage nationally.

Fogarty also reported to **BI**, meanwhile, that the company's regular soft drinks recorded sales increases as well.



Diet Squirt in cans has had an 89.5% sales increase.

Squirt and Co.'s regular soft drinks enjoyed an overall increase of 8.4% with Squirt, in the 2-L PET, carrying the mark with a 20.2% gain.

Squirt, in the .5-L PET, scored a close second with a gain of 17.3%.

Despite a gain in sales also, Squirt's canned entry came in a distant third with a mark of 6.2%.

In the meantime, to assist bottlers in marketing Diet Squirt in their respective regions, the company offered a complete media kit. The kit illustrates newspaper press releases; color and black and white photographs; a public relations program; a question-and-answer form regarding NutraSweet; a brochure describing NutraSweet, provided by G.D. Searle & Co.; and an outline of the history of Squirt and Co.

The company's television commercial, a 30-second spot, stresses the no-saccharin aftertaste. ☐

Coke testing dispensing system for small accounts

Atlanta—Coca-Cola bottlers in 13 states began testing a new soft drink dispensing system for low-volume accounts beginning first quarter of 1984.

The Beverage Technology System (BTS-150), a three-head unit developed by Coke USA, is designed for office and retail locations whose volumes are too small to justify placing vending machines or other large-quantity soft drink units. The unit's debut was announced by Coke USA president Brian Dyson at the NSDA expo in December.

About the size of an office coffee brewer, the compact BTS-150, is self-contained, weighs 53 pounds, and holds three replaceable packages of concentrate and a replaceable stainless steel pressurized carbonation tank.

Tap or other purified water is added through a spout in the top of the unit, and the soft drink is mixed and carbonated at the dispensing head. The BTS-150 can be used to fill cups as large as 12-oz., and plugs in to standard 110V outlets.

It is being test-marketed by bottlers in Birmingham, AL; Charleston, SC; Charlotte, NC; Washington, PA; Lubbock, TX; St. Paul, MN; Sales/Manchester, NH; Rochester, NY; Salt Lake City, UT; San Diego, CA; Jackson, TN; Denver, CO; and Seattle, WA. ☐

Features

1 BI's annual aseptic report

Beverage Industry estimates that between now and the middle of the year nearly 20 additional aseptic machines will be installed to service as many as 250 soft drink companies.

1 Domestic beer competition should intensify

John Maxwell's incisive look into the brewing industry envisions little domestic growth for the new year.

12 What do bottlers want in palletizers, depalletizers?

BI's exclusive report takes a close look at what beverage executives really want in palletizing equipment. Management personnel give their viewpoints on this issue.

26 BI's NSDA coverage

Conveyors, accumulators, page 26; Fillers, processing, handling parts, page 30; Quality control, page 34; Closures, closure application equipment, page 35; Dispensers, ice makers, cups, page 36; Merchandising racks and promotional aids, page 48; Recycling equipment, page 49; Computer software, page 50; Rinsers, cleaners, warmers, page 50; Case packers, uncasers, case washers, page 58; Secondary packaging, page 59; Sanitizing, CIP systems, page 60; Vendors, coin mechanisms, decals, page 64; Trucks, bodies, support equipment, page 65; Tertiary packaging, page 67; Palletizers, depalletizers, page 67; Sweeteners, flavors, ingredients, page 68; Primary containers, page 70; Cans, page 70.

page 1

page 34

Departments

Reader service 7
Beverage Indicators 45
Classifieds 71
Ad Index 76
Editorial 78

Soundoff

Gowens: Computerized reordering is here

"Lastly, shelf allocation—since it is a 'replenishment to standard' inventory system—is the first step toward computerized reorder. I am telling you the truth when I say a computer can do routine ordering better than a human. Computer ordering is thus right around the corner! Managers of the future will spend more time managing a smaller portion of a store's inventory in the future. A question you must ask yourselves is 'What happens to presell in the future?'"

Bobby L. Gowens
Executive Vice President
Chief Financial Officer,
Randall's Food Markets, Inc.
from a speech at the 1983 NSDA.

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BEVERAGE INDUSTRY (ISSN 0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising office: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (pre-paid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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Non-sparkling water at 76.1% of U.S. bottled water market

(Continued from page 4)

markets, each following its own growth rate, trends, demographics and driving forces.

In addition to the already mentioned effects of municipal water quality problems, since 1977, non-sparkling water has shared in some of the glamor heaped on sparkling water as a result of the influx of imports, particularly Perrier. According to BMC statistics, non-sparkling gallonage, which stood at 256.7 million in 1977, had increased to 352.9 million by 1978, representing an increase of 37.5%. It was between '77 and '78 that the Perrier ad campaign broke and bottled water finally came out of the office water cooler.

Sparkling water, both domestic and club/seltzer, followed a different growth pattern, says Fanshawe, that finds its origins on Madison Avenue and is more closely allied with trends marking the soft drink industry. It is here that the divergence of the growth of non-sparkling and sparkling becomes apparent.

Market grows

According to the report, 1976 gallonage figures for all categories of the market stood as follows: non-sparkling, 237.9 million; domestic sparkling 16.3 million; club/seltzer, 51.6 million; and imports (shipments, not sales) 1.2 million.

The domestic sparkling category at this point was still immature; with few companies competing outside local markets. Club/seltzers, on the other hand, were enjoying sales as mixers. Perrier and other imports were as yet unheard of, and non-sparkling was taking the place of unacceptable municipal water supplies.

In 1977, all of America became acquainted with Perrier and, says Fanshawe, "benefitted from their ad spending both in glamorizing waters and increasing bottled water awareness." What followed was the growth of all sparkling waters and a surge in the total bottled water market.

"Perrier got national distribution at a premium price for a premium product," recalls Fanshawe. "Once that marketplace was opened, you had a lot of room to grow the sparkling water category. Domestic sparkling waters increased their gallonage with consumers who were trading down from the imports.

"Then, there was the advent of club/seltzers. Producers started saying, 'We can reposition our product as a sparkling water and look at the business we'll get.' People were now offered a trade down from domestic sparkling waters. Also realize that the club/seltzers had the strength of a soft drink network behind them for national distribution and national ad dollars."

By 1978, the gallonage fig-

(Continued on page 20)

U.S. bottled water market gallonage* by segment

	Non-Sparkling	Sparkling		Imports	Total
		Domestic Sparkling	Club/Seltzer		
1976	237.9	16.3	51.6	1.2	307.0
1977	256.7	22.0	53.1	3.3	335.1
1978	352.9	60.5	53.4	13.4	480.2
1979	402.0	71.4	63.0	28.1	564.5
1980	463.1	75.7	78.0	11.4	628.2
1981	537.7	76.0	95.0	11.6	720.3
1982	614.0	79.2	110.0	12.9	816.1
1983(E)	711.0	81.6	127.6	14.4	934.6

*Millions of Gallons

Source: Beverage Marketing Corporation.

Copyright: Beverage Marketing Corp., Beverage Industry, January 1984

U.S. bottled water market share by segment

	Non-Sparkling	Sparkling		Imports	Total
		Domestic Sparkling	Club/Seltzer		
1976	77.5%	5.3%	16.8%	0.4%	100.0%
1977	76.6	6.6	15.8	1.0	100.0
1978	73.5	12.6	11.1	2.8	100.0
1979	71.2	12.6	11.2	5.0	100.0
1980	73.7	12.1	12.4	1.8	100.0
1981	74.6	10.6	13.2	1.6	100.0
1982	75.2	9.7	13.5	1.6	100.0
1983(E)	76.1	8.7	13.7	1.5	100.0

Source: Beverage Marketing Corporation.

Copyright: Beverage Marketing Corp., Beverage Industry, January 1984

Report ranks top bottle water fillers in U.S.

A companion report to Beverage Marketing Corp.'s 1984 Bottled Water Market & Packaging Report categorizes the sales rankings of the nation's 341 bottled water fillers.

The 1983 Bottled Water Sales Concentration Report focuses on domestic bottled water producer demographics, listing the number of companies nationally and by region and state in various sales ranges from $50 million-or-more to less-than-$500,000 (see charts). Each of the geographic sections offers company sales volume rankings, sales size and concentration, and gallonage size and concentration.

National sales

On the national level, only two companies have sales volumes of over $50 million. Each has an average gallonage volume of 60 million and an average sales volume of $75 million. Total gallonage in this category, 120 million, represents 17.3 of the industry total; combined sales volume, $150 million, accounts for 17.7% of the total.

Relative to the soft drink industry, where almost 50% of the 1,552 filling operations are in excess of $5 million, the bottled water industry is still rather immature, BMC vp Janet Fanshawe points out. Most companies fall in either the $1 million-to-$2 million category or the less-than-$500,000 category; both take in 98 firms each. Those firms in the $1 million-to-$2 million range have average sales volumes of $1.8 million, accounting for an industry total of $176.4 million, or 20.8%. Average gallonage volume is 1.6 million, with total gallonage for this category measuring 156.8 million, or 22.62% of the category.

The 1983 Bottled Water Sales Concentration Report contains similar figures by state and is available from Beverage Marketing Corp., 866 Second Ave., New York, NY 10017, or telephone 212/688-7640. □

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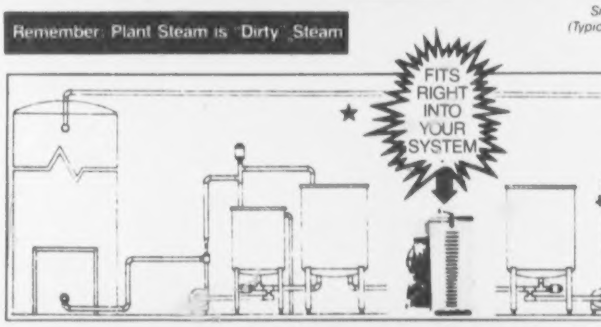

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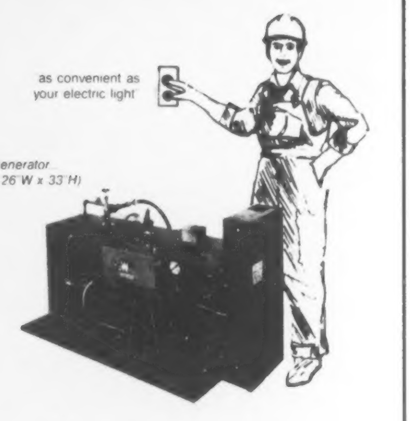
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Trend report:
palletizers, depalletizers

Faster, more automatic units being sought

EXCLUSIVE—Based on a survey of major suppliers of palletizers and depalletizers to the beverage industry, the industry is experiencing the following trends.

- Cans: higher speed units with a greater degree of automation are being sought.
- PET: gradual increase in bulk depalletizing of these containers, but most suppliers report that the lightness of the container is restricting speeds.
- Glass: bulk depalletizing of this container is growing "moderately." 40% of the respondents, however, said they had no customers demanding this.

This trend report, the first of 12 which **Beverage Industry** will do this year on major categories of equipment purchases, is compiled from personal interviews and survey forms from virtually every major supplier in the category. In the past, **Beverage Industry** has surveyed users to determine their requirements. However, this year, key sales executives in the major firms are being asked to report on their observations.

Based on the returns, speed is the most important characteristic being sought in new palletizers and depalletizers. Lack of speed is reported as the major problem with existing units. 86% of the respondents ranked "speed" as the most important characteristic.

Next most important requirement is automation, with 57% of those responding, picking this as "very important."

"Greater flexibility" and "advanced controls/monitoring system" were just about equal in importance.

Surprisingly "energy efficiency" scored lowest of any of the characteristics, with 14% saying this characteristic is "not important at all."

"Cost" is perceived as a major problem by 42% of the suppliers. "Availability of spare parts" and "energy consumption" are viewed as "not much of a problem" by almost three-fourths of those who responded.

Speed requirements

Every supplier noted that their customers are seeking palletizers and depalletizers that are capable of operating faster than the filler. A Wyard spokesman reported that his recent sales have been spec'd to run 20% faster than the filler.

This company has also had good result in bulk depalletizing of bottlers. "Plasti-Shield bottles in bulk are becoming more and more popular with our customers," the contact reports. Depalletizers are available which range in speed from 200 to 3200 bottles per minute.

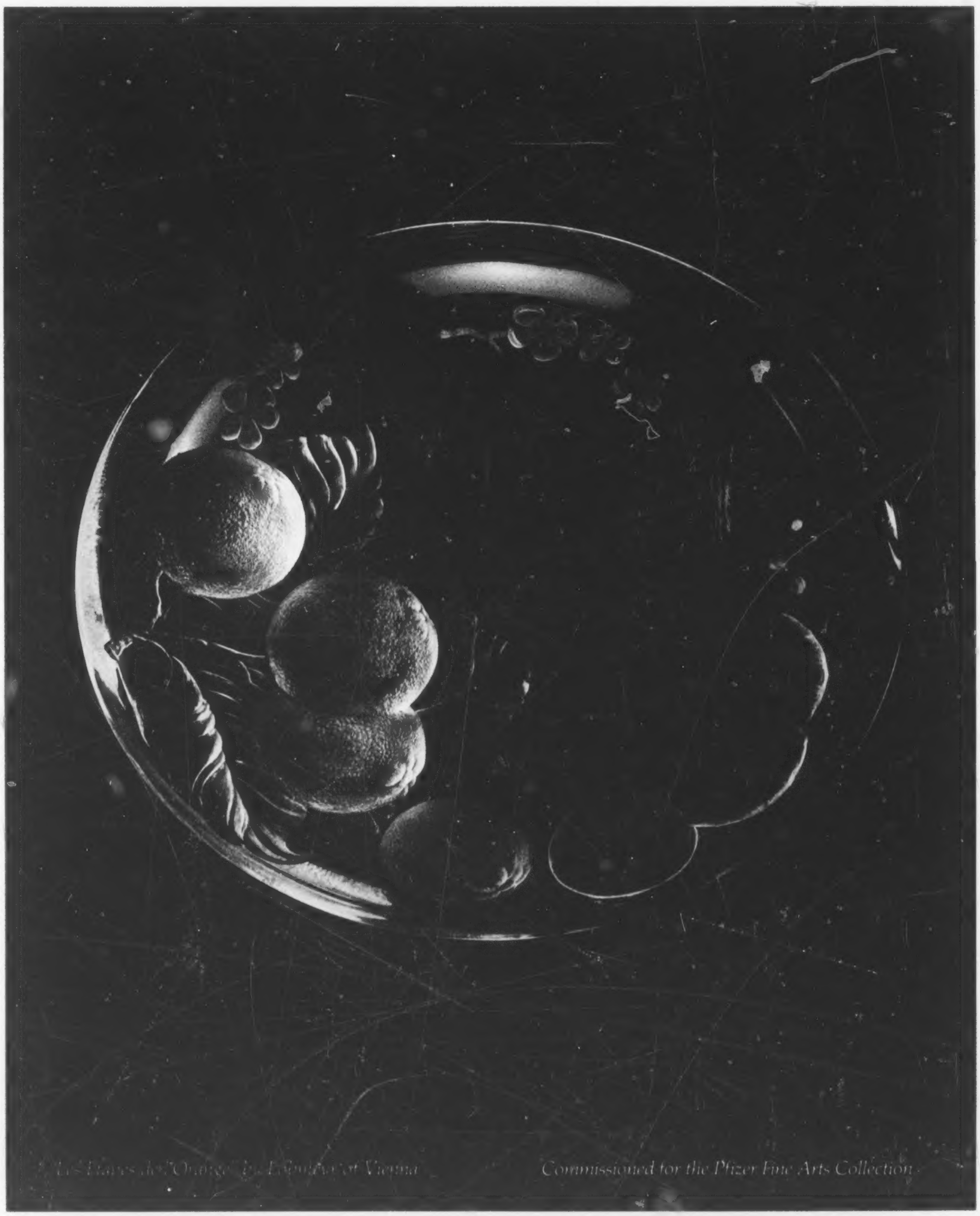
Pneumatic Scale reports that bulk depalletizing of PET is coming into its own. A sales contact there reported that speed requirements for

Speed, cost are major problems

Problem	Major problem	Somewhat a problem	Not Much of a problem	No problems at all
Insufficient speed	58%	42%	—	—
Lack of flexibility	14%	42%	44%	—
Availability of spare parts	—	28%	72%	—
Energy/power consumption	—	14%	72%	14%
Cost	42%	28%	30%	—
Quality construction	28%	29%	43%	—
Down time	28%	57%	15%	—

Source: Statistical Research Center (SRCH) of HBJ Publications

Copyright: Beverage Industry, January 1984



"Les Étapes de l'Orange" by Lobmeyr of Vienna
Commissioned for the Pfizer Fine Arts Collection

this package range between 400-600 bottles per minute. This firm offers two models for 2-L bottles, both are fully automatic and programmable. Both models are also operatorless and floor level units.

Ouelette builds automatic and semi-automatic units to bulk depalletize virtually any container. Standard models (approximately 20) are available, as well as those built to customer specifications.

Asked what features or advances will beverage producers seek in the future, an Ouelette spokesman commented, "Faster machines for less money."

Asked the same question, spokesmen for Acme Conveyors, responded, "Low price, low level depalletizers for direct in-line applications." Acme is involved in units for bulk depalletizing glass.

The firm's newest, Model 40 PC, has continuous sweep and automatic chip placement. Claimed to be the fastest on the market, it is capable of handling up to 1800 16-oz. Plasti-Shield bottles per minute.

Kusel Manufacturing anticipates a stronger trend toward receiving PET in bulk. The firm is currently offering a unit, Model KMH, which picks up PET bottles by a clamp/air bag combination around the entire layer. The floor level model is also automatic.

Speed, automation sought in new units

Characteristics	Very important	Somewhat important	Not too important	Not at all important
Faster Speed	86%	14%	–	–
Greater Flexibility in operation	28%	57%	15%	–
More automatic action	57%	29%	14%	–
Advanced controls or monitoring systems	29%	43%	28%	–
Greater efficiency in operation	43%	57%	–	–
More energy efficient	–	43%	43%	14%

Source: Statistical Research Center (SRCH) of HBJ Publications

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Automatic accepted

Indicating that the new units have reached a high degree of reliability, all of the respondents said that automatic controls are "well accepted" by beverage firms.

The response would probably have been decidedly different if the question had been asked several years ago when the new electronic controls first came on the market.

Litton's new unit is highly automated. It has a multi-lane case infeed system for rapid row forming without case turning, multi-layer staging prior to stripping layers onto pallets, and a high capacity pallet handling system. Called the Palomatic 3600, the unit operates at speeds between 100-150 cases per minute.

A highly automatic case depalletizer with speed of 45 cases per minute strips layers using a special clamp device, unscrambles most pattens gently and discharges cases in single files.

Alvey's units are totally automatic and even come with built-in diagnostic features. Either hydro hoist or chain hoist equipment is offered and case handling speeds of up to 60 cases per minute are other features. ☐

Only nature has had more experience with citric acid than Pfizer

Making the complex look simple is an art. Here, you see the art of a master engraver who has worked for months with the purest crystal.

His efforts delight the eye. Yet his subject, the orange and the stages in its growth, is greater than he. Oranges are one of nature's own masterpieces, evolved over countless eons. They create and protect, in lovely and fragrant form, that complex compound called Citric Acid.

Exactly how nature produces Citric Acid was long a mystery; the chemistry was too subtle, too sophisticated. But Pfizer was determined to solve that mystery, and set out to find ways to produce bountiful new supplies of Citric Acid through the natural process of fermentation chemistry.

It took us almost a generation of work, but it was done and done well. Today, Pfizer produces more Citric Acid than anyone in the world. Far more. And we have been working on Citric Acid longer than anyone else. With the sole exception of our teacher, Mother Nature herself. Pfizer commissioned this exquisite crystal piece in appreciation of the models she gave us.

Pfizer
CHEMICAL DIVISION

More than 17,000 attend DFISA expo in Chicago

CHICAGO—The 1983 Food and Dairy Expo at McCormick Place in Chicago drew its highest attendance since the mid-1960s, according to DFISA officials, with an attendance of 17,305.

Fred Greiner, executive vp of the association, attributed its success to the recent economic turn-around and to the many exhibits that attracted a broad spectrum of interest.

Highlights of this year's expo included modern aseptic and tamper-evident packaging machinery, microprocessor control systems, premium ingredients and flavorings. ☐

Beer has modest bounceback, up 1%

(Continued from page 1)

shown by light and popular beer brands during the past year. Miller Lite has equaled the company's High Life brand in production, both with 18.0 million barrels last year. Anheuser-Busch's Bud Light has, meanwhile, moved up to replace Schlitz as the No. 10 brand. Coors Light also showed respectable growth during the past year, up from 2.7 million barrels in 1982 to 3.6 million barrels.

As a category, light brands increased from 32.4 million barrels, or 17.8% share of market, to 34 million barrels, or 18.5% share of market. Significant too, the category is considerably up from 1981 statistics of 9.0 million barrels in production and 4.7% market share.

The popular brands category showed a 1.2% increase over 1982 production figures, up from 36.7 million barrels to 39.3 million barrels. The category showed increases in A-B's Budweiser brand, up to 42.7 million barrels in 1983 from 40.6 million barrels in '82; Stroh's Schaefer, up from 2.5 million barrels in '82 to 3.0 million barrels in '83; and Old Milwaukee, up from 6.0 million barrels to 7.6 million.

In terms of individual companies, Coors increased its market share almost a full percentage point, due mostly to its aggressive rollout in the Southeast, according to Maxwell. This was the only domestic brewing company to raise share by this amount through internal growth. Coors' total 1983 production was 13.6 million barrels, com-

(Continued on page 16)

The top ten: light beers make big strides in '83

SPECIAL REPORT—Production of Miller's Lite brand equaled that of the company's High Life brand in 1983. Although High Life and Lite retain their No. 2 and 3 positions, respectively, within the top 10 domestic beer brands, Lite production increased some 800,000 barrels during the past year, compared to High Life's 2.4-million barrel drop in production.

A not-so-surprising change in this year's list of top 10 beer brands was the removal of Schlitz as No. 10. What was perhaps more of a surprise was that it has been replaced by Anheuser-Busch's Bud Light, which rolled out some 3.7 million barrels in 1983.

A-B's Budweiser brand remained at the top of the list with an increase of 2.1 million barrels over 1982 production, or 42.7 million in 1983, compared to 40.6 million barrels in '82.

Coors moved up in both production and market share while retaining its No. 4 position. Coors' products now hold 5.3% market share with 1983 production at 9.8 million barrels, compared to 4.9% market share and 9.1 million barrels in 1982.

Old Milwaukee and Michelob brands swapped places as the No. 6 and 7 brands, respectively. Old Milwaukee increased market share and production last year to 4.1% and 7.6 million barrels compared to 3.2% and 6 million barrels in 1982. Milwaukee dropped from 4.6% to 2.8% market share and from 8.5 million barrels to 7.0 million barrels during the two-year period.

Old Style, No. 8, maintained its 3.1% market share, increasing volume only 200,000 in 1983. Stroh, in the No. 9 position, held its 2.9% market share, while increasing production by 100,000 barrels. ☐

Brewers' estimated market shares

	1980	1981	1982	1983E
Anheuser-Busch	28.2%	30.0%	33.0%	33.5%
Miller	20.9	22.2	22.0	20.9
Stroh	13.9	12.9	12.8	13.4
Heileman	7.5	7.7	8.1	9.7
Coors	7.8	7.3	6.6	7.5
Pabst	11.9	10.5	9.8	7.3
Genesee	2.0	2.0	1.9	1.7
Schmidt	2.0	1.6	1.8	1.7
Pittsburgh	0.6	0.5	0.5	0.5
Others, Net*	5.2	5.3	3.5	3.8
Total	100.0%	100.0%	100.0%	100.0%

*Includes imports and excludes tax-free.

Source: Lehman Brothers Kuhn Loeb Research

Copyright: Beverage Industry and John Maxwell
January 1984

Production by brand

(Mil. Bbls.)

	1977	1978	1979	1980	1981	1982	1983E
Anheuser-Busch							
Budweiser	25.0	27.0	31.0	34.6	39.1	40.6	42.7
Michelob	6.2	7.5	8.0	8.0	7.7	7.4	7.0
Bud Light	—	—	—	—	—	3.3	3.7
Busch & Busch Bavarian	3.4	3.6	3.2	2.8	3.1	3.4	3.4
Michelob Light	—	1.0	2.0	2.4	2.7	2.9	2.7
A-B Natural Light	1.9	2.5	2.0	2.4	1.9	1.5	1.0
Other	—	—	—	—	—	—	—
Total	**36.5**	**41.6**	**46.2**	**50.2**	**54.5**	**59.1**	**60.5**
Miller							
High Life	16.5	20.8	23.6	22.7	22.3	20.4	18.0
Lite	7.5	9.5	11.2	13.2	16.3	17.2	18.0
Lowenbrau	0.2	1.0	0.9	1.2	1.5	1.4	1.1
Meister Brau							0.3
Other	—	—	0.1	0.1	0.2	0.3	0.3
Total	**24.2**	**31.3**	**35.8**	**37.2**	**40.3**	**39.3**	**37.7**
Stroh							
Stroh				5.7	5.5	5.4	5.5
Schaefer				3.6	3.0	2.5	3.0
Stroh Light				0.5	0.6	0.6	0.7
Goebel					—	0.3	0.3
Total		**10.2**	**9.6**	**9.8**	**9.1**	**8.8**	**9.5**
Old Milwaukee		3.6	3.7	4.2	5.1	6.0	7.6
Schlitz		13.0	10.5	7.5	5.7	4.1	3.0
Schlitz Malt		1.8	1.9	2.3	2.5	2.6	2.6
Old Milwaukee Light		—	—	—	—	0.8	1.1
Schlitz Light		0.8	0.6	0.4	0.3	0.4	0.3
Erlanger		—	—	0.4	0.5	0.1	—
Other		0.4	0.1	0.2	0.2	0.1	0.1
Total		**19.6**	**16.8**	**15.0**	**14.3**	**14.1**	**14.7**
Stroh Total		29.8	26.4	24.8	23.4	22.9	24.2
Heileman							
Old Style & Light & Export				4.8	5.4	5.6	5.8
Blatz & Light				1.3	1.5	1.7	1.8
Carling Black Label & Light				0.8	1.0	1.6	1.9
Colt 45				1.1	1.2	1.5	1.6
Schmidt/Rainier				1.6	1.7	2.0	2.3
Red, White & Blue				—	—	—	0.9*
Blitz				—	—	—	0.6*
Lone Star				—	—	—	0.6*
All Other				3.7	3.2	2.1	2.0
Total				**13.3**	**14.0**	**14.5**	**17.5**
Coors							
Coors		12.1	11.3	11.4	11.2	9.1	9.8
Coors Light		0.5	1.6	2.4	2.0	2.7	3.6
Others		—	—	—	0.1	0.1	0.2
Total		**12.6**	**12.9**	**13.8**	**13.3**	**11.9**	**13.6**
Pabst							
Pabst		12.7	12.3	11.2	9.6	8.6	7.7
Red, White & Blue		0.5	0.9	1.2	1.3	1.0	0.2#
Olde English (Malt)		0.5	0.7	1.0	1.1	0.9	1.0
Blitz		0.3	0.5	0.8	0.5	0.6	— #
Pabst Extra Light		0.6	0.7	0.6	0.5	0.5	0.4
Jacob Best		—	—	—	—	0.4	0.3
Andeker		—	—	—	0.1	0.1	0.1
Other		0.8	—	0.3	0.4	0.2	—
Total		**15.4**	**15.1**	**15.1**	**13.5**	**12.3**	**9.7**
Hamms & Light							2.0*
Olympia							1.0*
Olympia Gold							0.2*
Lone Star							0.3#
Other							—
Total		**6.7**	**6.0**	**6.1**	**5.7**	**5.2**	**3.5**
Pabst Total		22.1	21.1	21.2	19.2	17.5	13.2

*Nine months.
#Three months.

Source: Lehman Brothers Kuhn Loeb Research

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January 1984

Sea World
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Great family fun at the most spectacular marine life parks in the world.

Beer has modest bounce back, up 1%

(Continued from page 15)

pared to 11.9 million barrels in '82.

Heileman's basic products increased 0.6 in units, and with the addition of Pabst products, increased its share by over 1.5 points.

Anheuser-Busch maintained its No. 1 position with 60.5 million barrels produced in 1983, compared to 59.1 million barrels in 1982. A-B's share of market increased to 33.5%, compared to 33.0% the previous year.

Stroh, the third largest domestic brewer, also did well in '83 production with 24.2 million barrels compared to 22.9 million barrels the year before. Stroh increased its share of market from 12.8% in 1982 to 13.4% the past year. A good portion of the company's growth came from Schaefer's Old Milwaukee and Old Milwaukee Light.

For the second consecutive year No. 2 Miller dropped in both production and share of market. Production was at 37.7 million barrels, compared to 39.3 million barrels in 1982; market share declined to 20.9% in 1983 compared to 22.0% in '82.

Anheuser-Busch has indica-

(Continued on page 17)

Imported beer outlook positive with 8% volume growth in '83

Special Report—The imported beer industry showed unit growth of 8.0% over 1983 and promises to continue at that level, according to John Maxwell, **Beverage Industry's** director of research/statistics.

"Acceptance of imported beer by the white-collar class has helped to fuel its growth," notes Maxwell. "Beer is no longer just a working man's drink."

Among import brands, Heineken remains the unchallenged leader with 37.8% of the market. Molson retained the No. 2 position despite a decline in shipments and a slight loss of market share. Molson now has 15.9% of the market.

Maxwell believes that some of the Canadian beers are experiencing difficulty for two reasons: Aggressive marketing programs by European brands; and a great deal of discounting, particularly on the part of German producers. The continued strength

(Continued on page 17)

Market breakdown by product

(Mil. Bbls. and % Shares)

	Super Premium		Premium		Light		Popular		Malt Liquor		Imported		Total
1981	12.6	6.9%	93.8	51.6%	25.1	13.8%	38.8	21.3%	6.4	3.5%	5.2	2.9%	181.9
1982	12.4	6.8	88.5	48.5	32.4	17.8	36.7	20.1	6.6	3.6	5.8	3.2	182.4
1983	11.6	6.3	86.4	46.9	34.0	18.5	39.3	21.3	6.6	3.6	6.3	3.4	184.2

Source: Lehman Brothers Kuhn Loeb Research

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Brewers' production

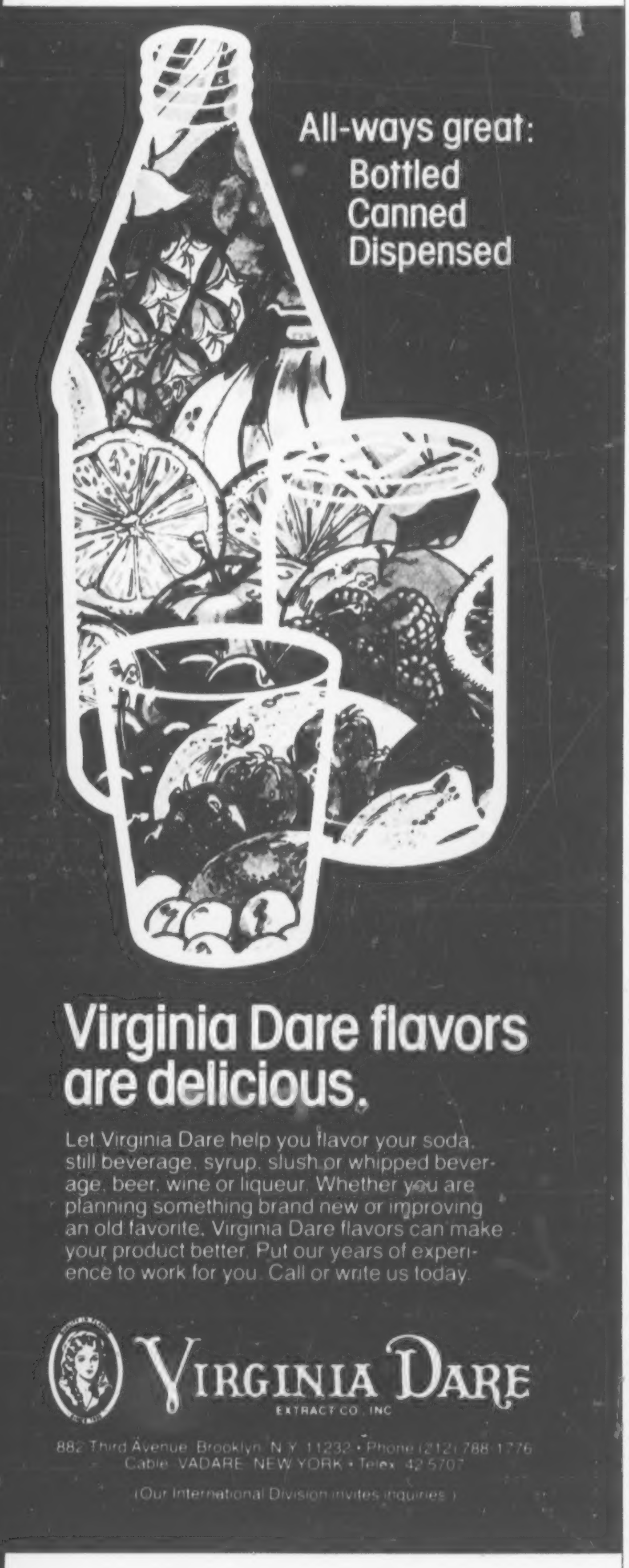
(Mil. Bbls.)

	1971	1977	1978	1979	1980	1981	1982	1983E	Year-end Capacity 1983E
Anheuser-Busch	24.3	36.6	41.6	46.2	50.2	54.5	59.1	60.5	66.0
Miller	5.1	24.2	31.3	35.8	37.2	40.3	39.3	37.7	44.0
Stroh (a)	26.0	32.9	29.8	26.4	24.8	23.4	22.9	24.2	30.0
Heileman (b)	9.4	10.6	10.5	11.3	13.3	14.0	14.5	17.5	26.0
Coors	8.5	12.8	12.6	12.9	13.8	13.3	11.9	13.6	15.0
Pabst (c)	16.0	22.8	22.1	21.1(f)	21.2	19.2	17.5	13.2	14.0
Genesee	1.6	2.8	3.0	3.4	3.6	3.6	3.4	3.0	3.3
Schmidt	3.2	3.5(e)	3.8	3.8	3.6	3.2	3.2	3.0	4.3
Pittsburgh	1.0	0.7	0.6	0.7	1.0	0.9	1.0	1.0	1.2
All Others (d)	34.8	11.4	9.3	9.1	7.8	6.8	6.2	6.8	14.7
	129.9	158.3	164.6	170.7	176.5	179.2	179.0	180.5	218.5
Less Tax-Free Exports and Military	2.5	2.3	2.6	2.6	3.1	2.5	2.4	2.6	
	127.4	156.0	162.0	168.1	173.4	176.7	176.6	177.9	
% Increase	–	3.7%	3.8%	3.8%	3.2%	1.9%	(0.1)%	0.7%	
Imports	0.9	2.5	3.5	4.4	4.6	5.2	5.8	6.3	
Consumption	128.3	158.5	165.5	172.5	178.0	181.9	182.4	184.2	
% Increase	–	3.7%	4.4%	4.2%	3.2%	2.2%	0.3%	1.0%	

(a) Schaefer & Stroh combined for all years; Schlitz is now part of Stroh.
(b) Includes Carling National for all periods except first three months of 1979.
(c) Reflects combination of Pabst and Olympia.
(d) General has not been absorbed into "All Others."
(e) Volume included in all others.
(f) Includes Blitz.

Copyright: Beverage Industry and John Maxwell
January 1984

Source: Lehman Brothers Kuhn Loeb Research



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Beer industry has modest bounceback

(Continued from page 16)

ted it will make its Busch and Natural Light brews into fighting brands during the coming year, according to Maxwell. This, he points out, will add to industry competition, and could have adverse ramifications for some smaller companies.

Miller's introduction of Meister Brau as a popular-priced product could further compound the situation, says Maxwell, as could a national rollout of Maxx, the popular-priced beer being tested by Pabst.

New product launches during 1984, Maxwell projects, will be led by A-B, which appears to be examining another super premium and a malt product, in addition to a couple of other possible entries.

"All in all, this should make the domestic market very competitive and active, which could stimulate 1984 demand to some extent," he says. ☐

Imported beer outlook positive with 8% growth

(Continued from page 16)

of the U.S. dollar, he continues, is also helping European imports by allowing them to increase their price/value ratio in the U.S. marketplace.

Despite the overall optimism for imported beer, Maxwell cautions "there are sure to be some casualties.

"As in every potentially profitable market, everyone wants a piece of the action," he observes. "The attractive growth in this industry has caused new brand entries to more than quadruple in the past five years. This is especially true of European producers who, faced with slow- or no-growth markets in their own countries, see exports to the U.S. as a way of increasing sales."

Another factor that should cut down on brand proliferation, he projects, is the bottling bill now in effect in several states.

"As things settle down, we expect the bigger brewers to become more aggressive in their pursuit of market share," he continues. "As consolidation also occurs, the winners will be those who are able to establish brand loyalty through aggressive marketing of superior products."

Light imports

Among light entries, Maxwell points to Van Munching's Amstel Light, one of the premier entrants in this category. Shipments of Amstel

(Continued on page 60)

Estimated malt liquor sales volume

(000 barrels)

	1972	1976	1979	1980	1981	1982	1983E
Schlitz (Schlitz)	700	1,500	1,900	2,300	2,500	2,600	2,600
Colt 45 (Heileman)	1,050	1,400	1,000	1,100	1,200	1,500	1,600
Olde English (Pabst)	–	–	750	1,000	1,100	900	1,000
Champale (Iroquois)	285	400	900	900	650	600	500
Mickey's (Heileman)	–	–	–	–	400	500	500
Country Club (Pearl)	700	500	300	200	200	–	–
Magnum (Philip Morris)	–	–	–	–	200	300	200
Malt Duck (Heileman)	–	100	100	100	75	100	100
Bud Malt (Anheuser-Busch)	200	–	–	–	–	–	–
900 (Pearl)	–	–	–	–	50	–	–
Subtotal	**2,935**	**3,900**	**4,950**	**5,600**	**6,375**	**6,500**	**6,500**
All Others	250	150	50	50	50	50	50
Total	**3,185**	**4,050**	**5,000**	**5,650**	**6,425**	**6,550**	**6,550**

Source: Lehman Brothers Kuhn Loeb Research

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January 1984

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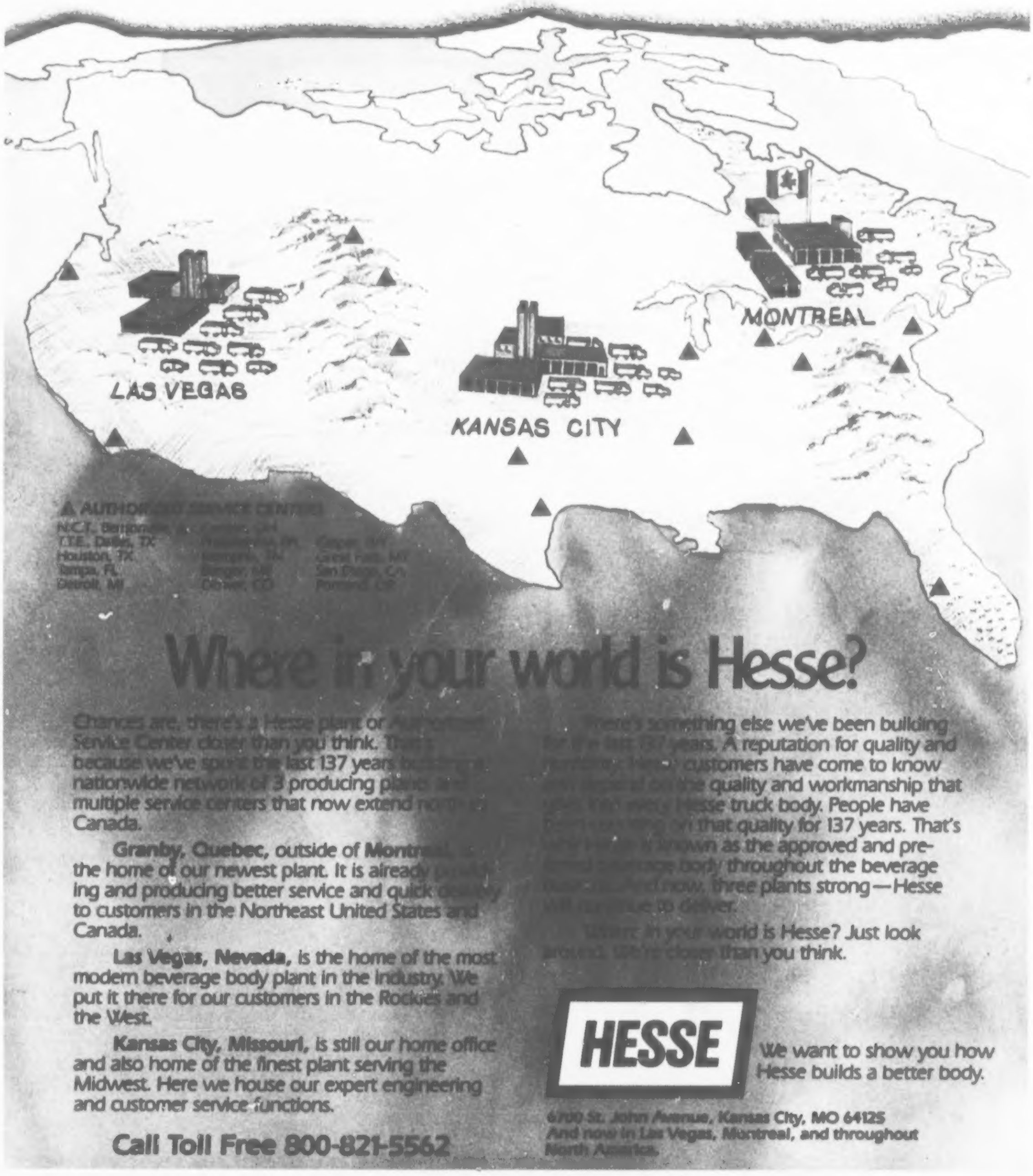

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BI Now Package

12-pack introduced by Coca-Cola USA

Rochester, NY—A handy new package for soft drinks is being tested here by Coca-Cola USA with consumer convenience in mind.

The first "12-pack," containing 16-oz. returnable glass bottles began rolling in November and offers consumers a "convenient method to purchase and return 12 non-refillable glass bottles for refund" in the state's mandatory deposit-redemption environment, according to company officials. The package is initially geared for Coca-Cola, diet Coke, TAB and Sprite.

Each pre-labeled glass bottle is capped with a resealable plastic closure. Two 12-packs are taped by machine in-plant and then transported to the retailer. Once there, the taped joint between the two 12-packs is cut and each unit is stacked.

Hand holes are cut into the sides of each pack, permitting easy carrying. The consumer keeps the carton, report company officials, and then uses it to return all 12 bottles for a deposit refund. The bottles, which are crushed by the Rochester Coca-Cola Bottling Co., are then returned to Owens-Illinois. The glass is used in new glass bottle manufacturing.

Owens-Illinois is supplying the Rochester facility with the cartons, bottles and plastic closures, report officials. ☐

BMC report highlights trends of U.S. market

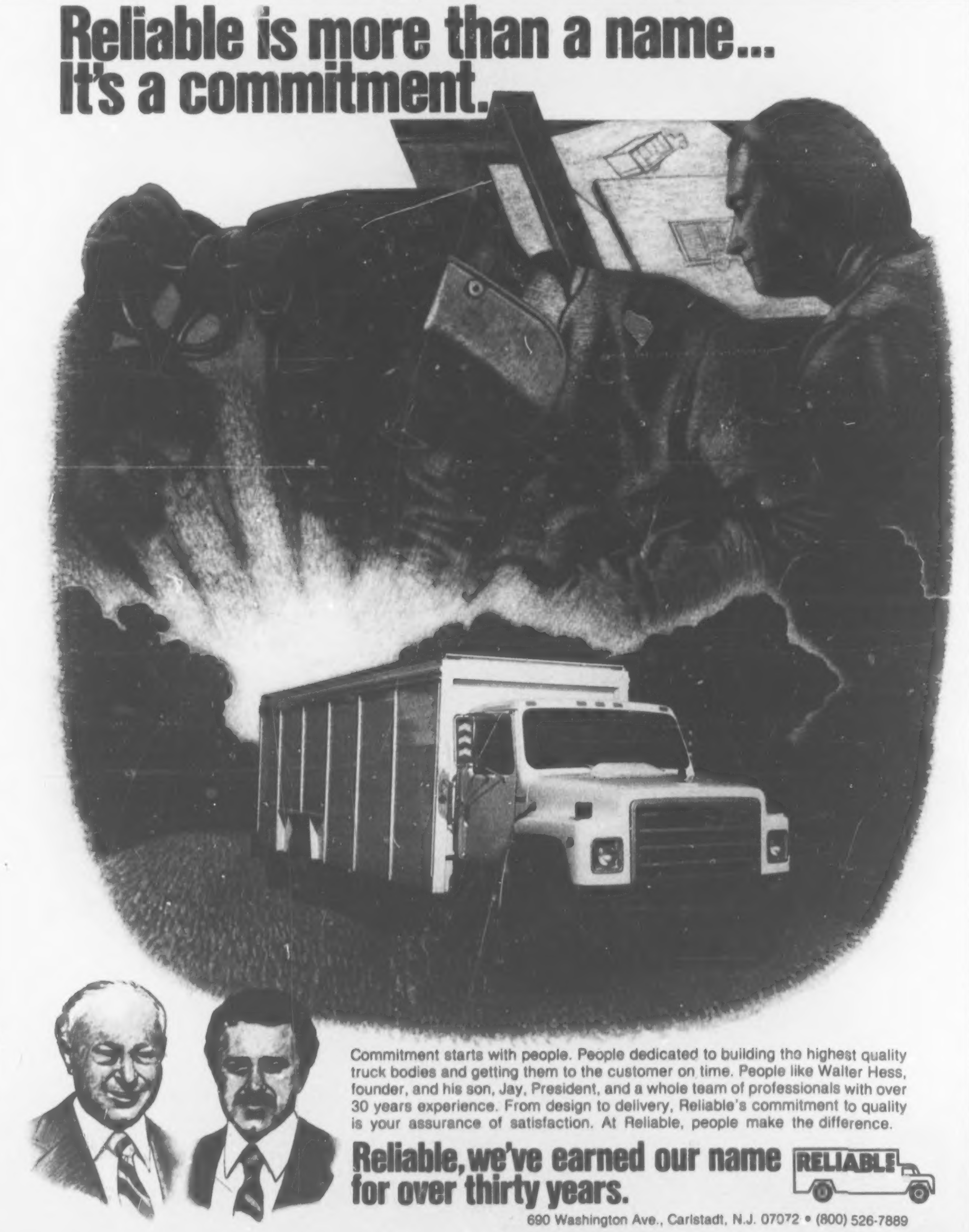
(Continued from page 9)

ures had taken a startling leap: non-sparkling was up to 352.9 million; domestic sparkling, 60.5 million; club/seltzer, 53.1 million; and imports, 13.4 million. Although the figures show the club/seltzer category had not yet blossomed, that would come later.

"Around 1979-80," reports Fanshawe, "there was a tremendous amount of private label club/seltzer business that attracted the price-conscious consumer." Hence, a further trade down. By 1981, club/seltzer gallonage stood at a whopping 95.0 million gallons—nearly a 100% increase in three years. That same year, non-sparkling gallonage checked in at 537.7 million; domestic sparkling, 76.0 million; and imports, 11.6 million.

Since that year, despite the cannibalization of one sparkling segment by another, the entire bottled water market has grown. BMC estimates that for 1983, domestic sparkling gallonage will total 81.6 million; club/seltzer, 127.6 million; imports, 14.4 million; and non-sparkling, 711.0 million. "There's no nationally branded non-sparkling water, no national ads and no national organization, but it is growing at a rate of about 15%. Imagine if that was fueled," comments Fanshawe.

For more information, or to purchase BMC's 1984 Bottled Water Market & Packaging Report, contact Janet Fanshawe, Beverage Marketing Corp., 866 Second Ave., New York, NY 10017; or telephone 212/688-7640. ☐



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Soft drink ban overturned by appellate court

(Continued from page 1)

lunch period.

The appellate court found that former agriculture secretary Bob Bergland exceeded his authority in 1979 by barring the sale of so-called "junk food."

The court reasoned that Congress had only intended to restrict the sale of convenience foods in the immediate area where and when the federal school lunch program was offered.

"It is an obvious fact of life that the meals offered under the school lunch program and the snacks being offered by (convenience food manufacturers) are in direct competition," the court said. But the "congressional intent was to confine the control of junk food sales to the food service areas during the period of actual meals service," the judges ruled.

The court maintained that it has "no trouble in finding that soda pop, if offered at the same time and place" as the school lunch "would be in competition with those foods for both the child's coins and appetites." Nevertheless, that did not give the USDA the right to ban soft drink sales throughout the entire school grounds, the court ruled.

The appellate court ruling not only addresses the sale of soft drinks, but the other competitive foods mentioned in the rule. ☐

Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
Cola	307.8	312.4	1.5	304.3	2.7
Other carbonated soft drinks	142.6	146.3	2.3	144.8	1
Noncarbonated drinks	140.7	140.5	(.1)	137.7	2
Wine	245.2	234.8	(4.2)	238.9	(1.7)
Beer and ale	223.6	224.4	.4	211.9	5.9

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	April 1983	May 1983	% Change	May 1982	May '82 vs. May '83 % Change
Glass Bottle Production Total Bottles:	24,299	26,251	8	26,693	(1.7)
Beverage: Refillable	326	350	7.4	441	(20.6)
Nonrefillable	4,545	5,400	18.8	5,252	2.8
Beer: Refillable	341	331	(2.9)	253	(31)
Nonrefillable	8,561	9,281	8.4	9,462	(1.9)
Liquor	1,055	1,127	(6.8)	1,057	6.6
Wine	700	785	12.1	743	5.7
Plastic Bottle Production* Carbonated beverages	175,972	188,619	7.2	187,222	.75

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Beer*	16,430,629	18,922,755	15.2	NA	–
Whiskey	12,201,589	4,121,614	66	NA	–
Brandy	526,653	369,449	(30)	NA	–
Gin	529,830	564,845	6.6	NA	–
Rum	89,652	150,648	68.2	NA	–
Cordials & liqueurs	718,127	642,349	(10.6)	NA	–
Others	1,359,658	627,778	(54)	NA	–
Total	31,856,048	25,399,438	(20.3)	NA	–
Sparkling wines	796,739	737,920	(7.4)	NA	–
Still wines, table	10,095,973	9,122,165	(9.6)	NA	–
Still wines, fortified	246,161	159,627	(35.2)	NA	–
Vermouth	211,519	126,061	(40.4)	NA	–

*Includes ale, stout, porter
NA: Not Available
Source: National Association of Beverage Importers, Inc.

Closures for Beverages (thousands of gross)

	April 1983	May 1983	% Change	May 1982	May '82 vs. May '83 % Change
Metal (for spirits, wines)*	73,005	90,063	23.4	58,930	53
Plastic (for spirits, wines)*	113,017	113,980	1	115,652	(1.4)
Metal Crowns (beer & soft drinks)	15,475	15,503	.2	20,584	(25)
Soft drinks (convenience and conventional types)	6,481	6,155	5	9,528	(35.4)
Beer (convenience and conventional types)	8,994	9,348	3.9	11,056	(15.4)
All other metal closures other than crowns	7,624	9,281	21.7	6,108	51.9

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
Soft drinks	323.9	325	.33	321	1.2
Alcoholic beverages	206.3	206.4	.05	199.3	3.6
Beverages and beverage materials	263	263.4	.15	258	2.1
Packaged beverage materials	324.5	324.3	(.06)	323.3	.31

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	August 1983	September 1983	% Change	September 1982	September '82 vs. September '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt	12.09	12.09	–0–	NA	–
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–0–	14.25	–0–
Sugar, liquid ind. No. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–0–	32.45	(.8)

NA: Not Available
Source: The Journal of Commerce

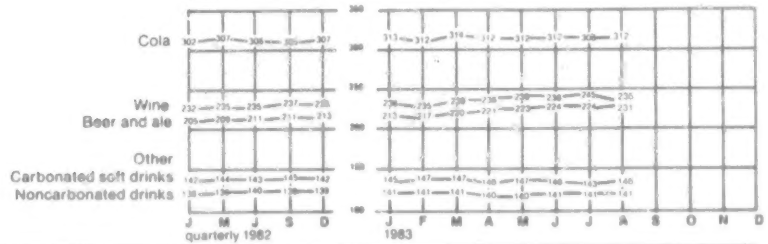
Alcoholic Beverage Removals (barrels of 31 gals)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Beer	17,123,716	17,334,201	1.2	17,444,742	(.63)
Wine*	35,210,696	35,442,114	.7	32,935,616	7.6
Spirits*	31,151,321	32,452,675	4.2	31,815,950	2

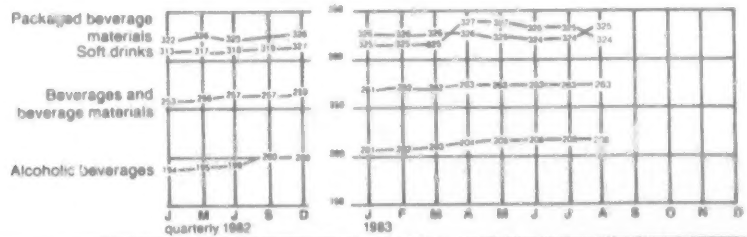
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

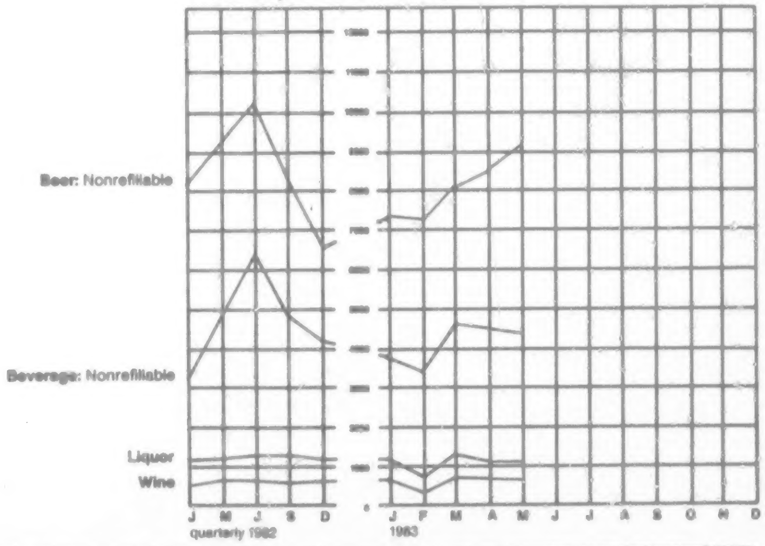
1983 Consumer Price Index (1967 - 100)



1983 Producer Price Index (1967 - 100)



Bottle Shipments (thousands of gross)



* Compiled by Statistical Research Center (SRCH) for Beverage Industry

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12 oz. vs. 300 ml. vs. 350 ml.

Bottlers flood aseptic market

(Continued from page 1)

ductions and drastic discounting and they must find ways to expand their base profitability into the larger total refreshment beverage area.

Small market

By comparison with the U.S. soft drink market, the aseptic juice and juice drink market is small. **Beverage Industry** estimates that 1.6 billion packages were sold in the U.S. in 1983. This is equivalent to approximately 47 million 288 oz. cases, or about 1.2% of the total carbonated beverage market. They are also a small part of the total juice and juice drink market. The estimated 105 million gallons of product represents approximately 7% of this market.

In juices and juice drinks, frozen concentrate represents almost 50% of total gallonage. Except for aseptics and other ready-to-serve packages, however, the total market is stagnant. The Florida Dept. of Citrus reports that the "ready-to-serve carton, can and bottle" section will be up an estimated 14% in 1983.

The numbers should increase dramatically over the next three years. Increased distribution as a result of the soft drink industry activity will provide impetus. Anticipating a move into larger containers, the gallonage numbers will also increase.

Combibloc has a 300 ml and 355 ml container and several users are already in the marketplace.

12-oz. size

Brik Pak also has a 12 oz. size ready to go. Although the firm would not reveal the name of the first user, a company spokesperson told **Beverage Industry** that the container would have a pull-tab opener instead of the straw punch hole which is usual for the containers.

From other sources, **BI** learned that the first user would be the Quaker Oats/Stokely Van Camp Co. for its Gatorade isotonic drink. Company sources would not comment on any future plans for the beverage, but did acknowledge that it intended to be more aggressive with Gatorade.

In other countries where aseptics have been introduced, growth has been dramatic. Brik Pak executives point to similarities between the U.S. and Japanese markets where they report aseptics have reached a 25% per capita consumption level.

Based upon a number of factors, including the growing health-consciousness of the U.S. populace, **Beverage Industry** projects the aseptic juice and juice drink market to double in 1984 and to reach an estimated 4 billion units in 1985. At that time, the packages could represent as much as 30% of the total juice and juice drink market and equate in size to approximately 5% of that of carbonated beverages.

*(**Beverage Industry**'s market estimates and projections are derived from a number of sources, including off-the-record conversations with suppliers, packaging analysts and major marketeers of the products.)*

Methods of entry

Except in the very large markets, producers feel that the volume is not there initially to justify expense of installing their own packaging equipment. Long term, as volume builds, the savings in costs will influence more firms to install their own equipment and eventually franchise their product.

In addition to Louisiana Coke and Mid-South Pepsi, which have installed their own production facilities, other major firms with plans to go this route include Houston Coca-Cola. At least five other major firms are planning to establish their own production centers to produce for their markets. Soon on the drawing boards are plans for several co-ops to purchase processing and filling equipment to supply products to its members.

For those firms seeking entry to the market there are other options. Both Combibloc and Brik Pak will assist in arranging co-packing services.

Many co-packers are also actively seeking business. One such is Power Packaging which will supply product for test marketing or for market entry. The firm is also putting together a program to actively franchise and assist bottlers interested in getting into the market.

SquirtCo. is also in the process of putting together a package deal for soft drink franchises.

Inquiries from other bottlers have encouraged Squirt to seek ways to increase distribution. Company executives have been "actively exploring" the possibility of a

Comparisons of aseptic packaging systems

Sales office	Continental Can Stamford, CT 203-964-7457	Brik Pak, Inc. Dallas, TX 214-934-0338	Combibloc, Inc. Columbus, OH 614-885-7220	International Paper Raleigh, NC (Jan. '84) 212-536-7291
Terms	Lease equipment, royalty fees for machine usage and materials	Lease equipment, machine use fee/1,000 packages, purchase material	Purchase or lease equipment, no fees, royalties, rentals, buy materials	Lease equipment, machine use fee per 1,000 packages, purchase materials
Packageable foods	Dairy (incl. cottage cheese), water, wine, oil particulates	Liquids only—dairy, juices, sm. particulates, water, wine, oil	Dairy and juices, yogurt, water, wine, oil, syrups, puddings, milkshakes	Liquids only—dairy and juices, no particulate matter, water, wine, oil
Packaging materials	**Cup:** thermoformed plastic laminate, available with U.V. barrier, transparent or opaque materials. **Lid:** tear & peel foil or plastic laminate	Paper—plastic aluminum foil laminate. Foil is U.V. barrier	For UHT products: paper—plastic aluminum foil laminate. Foil is U.V. barrier. Paperboard/plastic laminate for fresh products (pasteurized)	Paper—plastic aluminum foil laminate Foil is U.V. barrier
Package seal	Pressure heat polymer to polymer	**Longitudinal:** internal strip, induction, polymer to polymer; **bottom:** induction, polymer to polymer; **top:** induction, polymer to polymer	**Longitudinal:** skiived overfolded; bottom: heat/pressure polymer to polymer; **top:** ultrasonic polymer to polymer; steam—flushed headspace, no internal tape headspace	**Longitudinal (top):** induction polymer to polymer; (sides) **bottom/top:** induction polymer to polymer; all fin seals no overlap, seals through product, no internal tape, no internal
Labels	**Cup:** pre-printed paper or paper-backed foil heat-bonded to cup during molding; **lid:** pre-printed paper or foil	Rotogravure or flexographic pre-printed on rolls of packaging material	Rotogravure pre-printed on pre-formed sleeves	Rotogravure or flexographic pre-printed on rolls of packaging material
Sterilization	Materials sterilized at manufacturer, protective coating peeled during molding/filling, non-chemical	35% H_2O with wetting agent, sterile heated air to dry packaging	35% H_2O without wetting agent, sterile heated air to dry pre-sterilization with steam	35% H_2O with wetting agent, heated, steam for pre-sterilization; sterile air
Packaging options	Single unit or multi-pack, capability to put two or more flavors in the same multipack at time of fill; option of full-peel or non-peel lid with or without straw	Single units which can be combined in trays with or without handles, in trays shrink-wrapped or bundle-packed; packages from two or more fillers can be routed to same packer to make multi-flavor packs; straw applicator for small sizes	Single units which can be combined in trays with or without handles, in trays shrink-wrapped or bundle-packed; packages from two or more fillers can be routed to same packer to make multi-flavor packs; straw applicator for small sizes	Same as Brik pak; also paperboard sleeves
Package shapes and types	100's shapes, limited only by mold design, semi-rigid	Brick only, flexible package	Brick only, flexible	Brick only, flexible
System flow	Horizontal	Vertical	Horizontal	Vertical
Dimensions (Approx.)	8' x 26', 8' High	10.4' x 5.7', 11.8' High	7.6' x 24', 10.5' High	7.2' x 4.5', 10' High
Feed	Web	Web	Individual pre-formed container	Web
Weight	18,000 lbs.	10,362 lbs.	CF-5000: 14,080 lbs. CF-6000: 13,420 lbs.; filter & control cabinet: 2,068 lbs.	5,984 lbs.
Line speeds in 1000's of cartons per hour	Range: 5,000/hr. (32 oz. sizes/946 ml) to 90,000/hr. (½ oz.) Model: Conoffast system up to 16 filling heads	(All sizes): 6,000/hr./head Model: "Type AB"	CF-6000: Speed: 6,150/hr./2-track (200-500 ml sizes); CF-5000: Speed: 5000/hr./head (500-900 ml, 1-L)	Model: IP web-fed aseptic packaging single-head machine; 200-250 ml: 3500/hr./head; 500, 946 ml and 1-L: 3000/hr./head
# of operators required	One per machine	One for up to three fillers	One for up to two fillers	One per filler
Noise	Within OSSHA standards, operator needs no earplugs	75 dBA—within OSSHA standards, operator needs no earplugs	Within OSSHA standards, operator needs no earplugs	Within OSSHA standards, operator needs no earplugs
Compressed air: working press/consumption	90 PSI/132 cfm/no vacuum used	85-115 PSI/18 cfm	88 PSI/CF-5000: 77 cfm, CF-6000: 67 cfm	85-100 PSI/21 cfm
Steam (work press/consumption)	No steam—heat (350°F) used for pre-sterilization; 81.3 KW consumption	18-30 PSI	19.8 PSI/CIP/ ½ hour usage for pre-sterilization	7.3 PSI/CIP and ½ hour usage once/day for pre-sterilization
Electrical	440V-60 HZ/Max. 3-phase/50 KW operating consumption	220V-440V 3-phase/60 HZ/18 KW consumption	440V-60 HZ—3-phase 17 KW consumption	220V or 440V-60 HZ/20 KW 3-phase consumption
Container dimensions	30 + shares, each with its own dimensions; **Range:** bases: 1" x 1" to 6" x 6", diameters 1" to 6"; heights: ½" to 5"; more than or equal to 4" high, depending on height to diameter ratio (thinning ratio)	**Sizes 178 ml-284 ml:** base: 41 mm x 6.3 mm height: 75.5 mm x 119.7 mm; **Size 300 ml:** base: 47 mm x 63 mm height: 109 mm; **Sizes 500 ml—1-L:** base: 63 mm x 95 mm; height: 87.7 mm x 167 mm; additional sizes (down to 125 ml)	**Sizes 200-250 ml:** base: 47.5 mm x 76 mm height: 62 mm-145 mm; **Sizes 500 ml—1-L:** base: 63 mm x 95 mm; height: 95.5 mm x 172 mm; additional sizes depending on customer requirements	**Sizes 200-250 ml:** base: 34.5 mm x 65 mm height: 82-103 mm; **Sizes** 500 ml—1-L: base: 62 mm x 96 mm; height: 85 mm 167 mm
System in use since	Non-aseptic—mid-1970s; Aseptic—1982	Non-aseptic—1952 Aseptic—1961	Aseptic (CF series) 1976	Aseptic only—1977
Pilot/Demo/Test plants	Full scale lab at Continental Can, Chicago (Oakbrook), IL	NC State Univ. allows test run by appt. New facility opens in Dallas in mid-1984	Opened in Columbus, OH recently. Europe or co. pack facility—contact Combibloc	IP research facility located in Wallkill, NY

Copyright: Beverage Industry and
Marty Westerman, January 1984

12 oz. vs. 300 ml. vs. 350 ml.

Bottlers flood aseptic market

cooperative concept. While the firm is still formalizing plans, it is conceivable that it could assist in the setting up of aseptic co-operatives.

From the field

Aseptic packaging is so new, that track records are difficult to determine. Most of the manufacturers who have been utilizing the package are strong advocates of the system and are voicing ardent opinions. In fact, many manufacturers are still planning to expand their product line using aseptic packaging.

"We've made a very strong commitment in the field (aseptics)," said Larry Johnson, vp-marketing development for Dairymen, Inc. of Louisville, KY.

"We see this as a viable extension of our corporate mission—to increase sales," he said. Dairymen produces milk and flavored lowfat milk, with the brand name "Sip-Ups."

"Total aseptic use in the beverage industry will grow substantially in the next few years. The products taste better than they would in cans and they're certainly less expensive than metal or glass," said Johnson. The company has enjoyed increases in sales because many of its products are new categories in the marketplace, according to Johnson.

Dairymen uses the Brik Pak packaging system in quarts and half-pints. The company, which utilizes the Alfa-Laval processing system, markets its products in Philadelphia, Maryland, Virginia, West Virginia, Tennessee, North and South Carolina, Georgia and Florida.

Good success

Meanwhile, Gordon Crane, president of Apple & Eve, Inc. in Great Neck, NY, said his firm is having good success using the Brik Pak system for his company's apple and combination apple-cranberry juices in 250-ml packages.

"I'd say on projected figures we're doing very well in the competitive environment that exists," said Crane, in assessing his company's overall success in aseptics.

Crane, however, was wary of 1-L packaging. "I don't see 1-L as being successful for marketing reasons," he said, adding that manufacturers and chain stores promotion of apple juices and others are operated on little margin. He mentioned too that the .5-L is "selling as well" as 1-L in markup.

Crane said that although his aseptically-packaged products are perceived as being "back-to-school" items, they sell steadily in the fall, winter and spring. He added that his firm promotes the products in the late spring and early summer to coincide with summer outings, especially picnics during the summer holidays.

Apple & Eve, Inc., markets its products from Maine to Miami and out to Chicago, according to Crane. Presently, the firm has no plans to expand its product line or its marketing territories.

Some skepticism

Just because aseptic packaging is looked upon with high regards by some bottlers does not mean, however, that the system has no detractors. It does. Still, some disparagers take a moderate view.

Dave Rowse, president of New England Apple Products Co., Inc., of Littleton, MA, however, is a little more skeptical of aseptic packaging than most other producers.

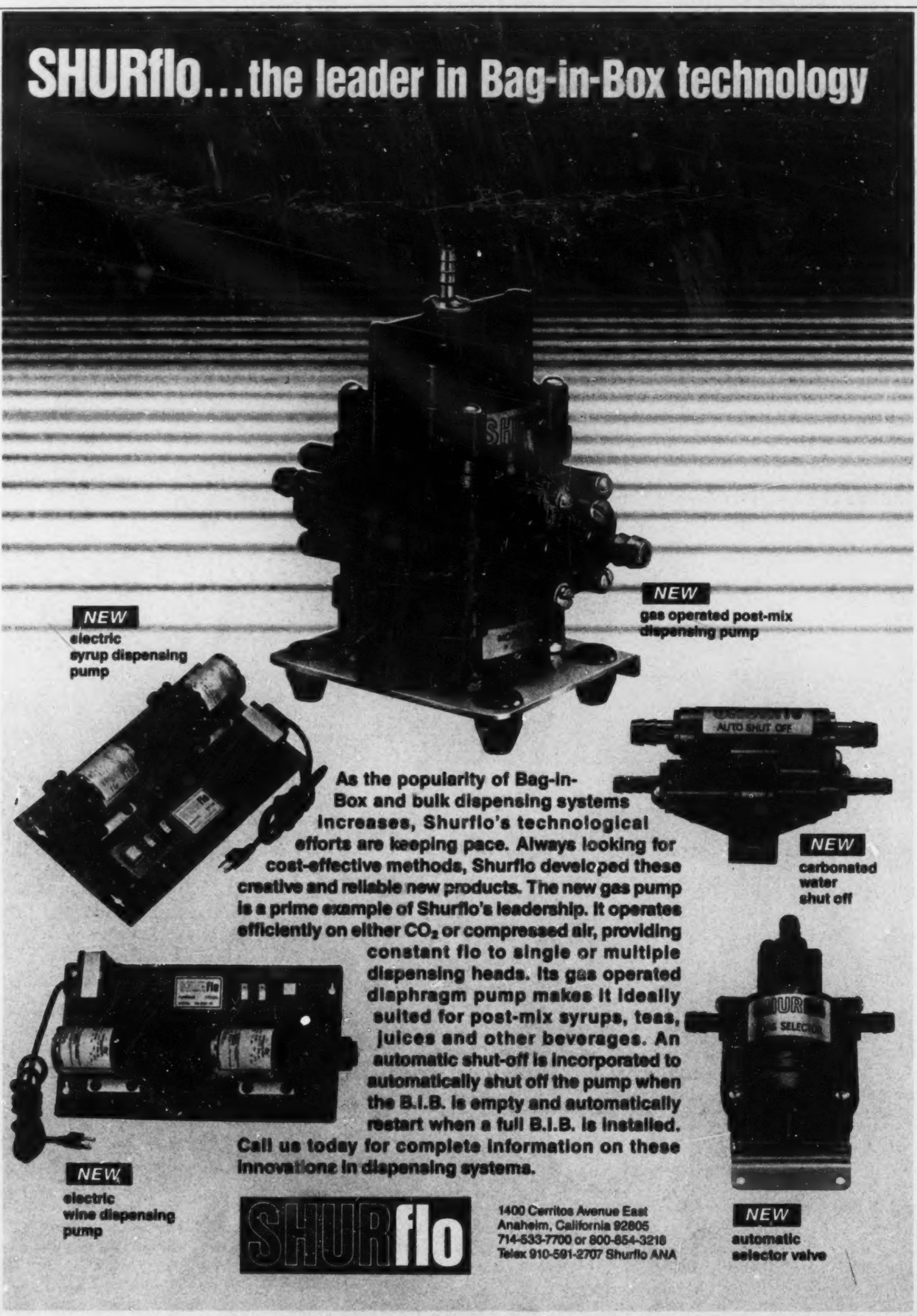
"I'm not as optimistic as others are," he said, explaining that his firm utilizes Glass-Pak packaging systems. "I don't think aseptics will take over the marketplace as others think, that's my guess," Rowse said.

New England Apple Products, which Rowse says uses the Brik Pak system and the APV processing method via a contract packager, markets apple, orange and grape juices in 32-oz. packages; and apple and orange juice, fruit punch and grape drink in 250-ml.

The company, according to Rowse, has not experienced sales trends of any consequence because the firm has been in production for about one year.

But, Bill Hugueley of the Texsun Corp. of Weslaco, TX, said that sales for his company's aseptically-packaged products are "ahead of last year." Hugueley, however, said that the liter package is difficult to move on the retail shelf because consumers are not accepting the package. "Consumers have been inundated with cans in the past to the point that they're not used to the new packages," he said. Texsun produces orange, pineapple, pink grapefruit, orange-pineapple and pineapple-pink grapefruit juices in 250-ml and 1-L packages, utilizing the Brik-Pak system and the APV processing system.

Texsun markets its juices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in Texas, Louisiana, Arkansas, Tennessee, Oklahoma, Colorado, New Mexico, Iowa and Wisconsin.

Texsun is considering expanding its product line to apple and grape juice. According to Hugueley, the company is committed to the future of aseptics. "Aseptics will be here," he said. "We're going to stay in it. Afterall, we didn't build a $1.5-million plant to get out. We're spending money on them."

Another big supporter of aseptics is Bob Stevens, president of Fruit Box, Inc. in Atlanta, GA.

Fruit Box

"Brik Pak is the leader," said Stevens, whose company uses the system. The company markets its drinks in 250-ml sizes. Fruit Box, Inc. has the Alfa-Laval processing system and distributes its fruit drinks in the southeast.

Stevens, an Australian native, admitted that his firm's summer sales were "very slow" because many consumers purchase aseptics as lunch box foods for school-age children. A major market for aseptic products, Stevens perceived, will be vending. But, "we don't have money for vending, to be truthful," he said, adding that adults will play a major role in aseptic product sales.

Unlike most of the other processors mentioned here, MSB Manufacturing's Rainbow Farm product has yet to hit the market. This large regional Pepsi bottler is one of the first soft drink bottlers to go into the aseptic market with its own product. (See Beverage Industry, Dec. 1983.)

Franchise inquiries

MSB anticipates its 100% grape, apple, orange and punch blend in 250-ml Combibloc packages will hit the streets in mid-January with distribution in four states, including Louisiana, Tennessee, Arkansas and Mississippi. MSB has hopes of further expansion of the product through franchising.

"We've had a lot of inquiries," said Michael Barclay, vp-marketing for MSB. "And we've noticed a lot of enthusiasm from retailers. They're excited about aseptics and our direct-store distribution system," he added.

Barclay said 60% of the cost of energy in a food store is from refrigeration, which aseptic packages eliminate the need for. In addition, because of the direct-store delivery system, MSB's aseptic products won't take up food store warehouse space.

While Barclay does not have any actual market experience yet with his product, he has strong feelings about how sales will go. "It's perceived as a kids' package now," he said. "So sales might skew a little more to the school months because it's a great package for lunches. But when the adult population begins to accept it, the aseptic sales curve will look a lot like soft drinks."

But he added: "No matter what the sales curve is like today, it will be different tomorrow. We don't even know if the 250-ml size or the three-pack will be around tomorrow."

Taking a different view is Jonathan Graves, president of Real Fresh, Inc. of Visalia, California.

"We see the range of aseptic products increasing dramatically in the next 18 to 24 months," he said, adding that his company uses Brik Pak. The company recently purchased a NAS Aseptic Conoffast form/label/fill/seal machine to help package a variety of low and high-acid food products in 5-oz. and half-pint containers for marketing under its own label and for contract packaging.

Real Fresh markets whole milk in 32-oz. Brik Pak packages using the APV and Cherry-Burrell processing systems. The firm also handles 2% lowfat milk, chocolate milk, low-sodium milk and orange, apple, grape and grapefruit juices in one-quart and 250-ml sizes.

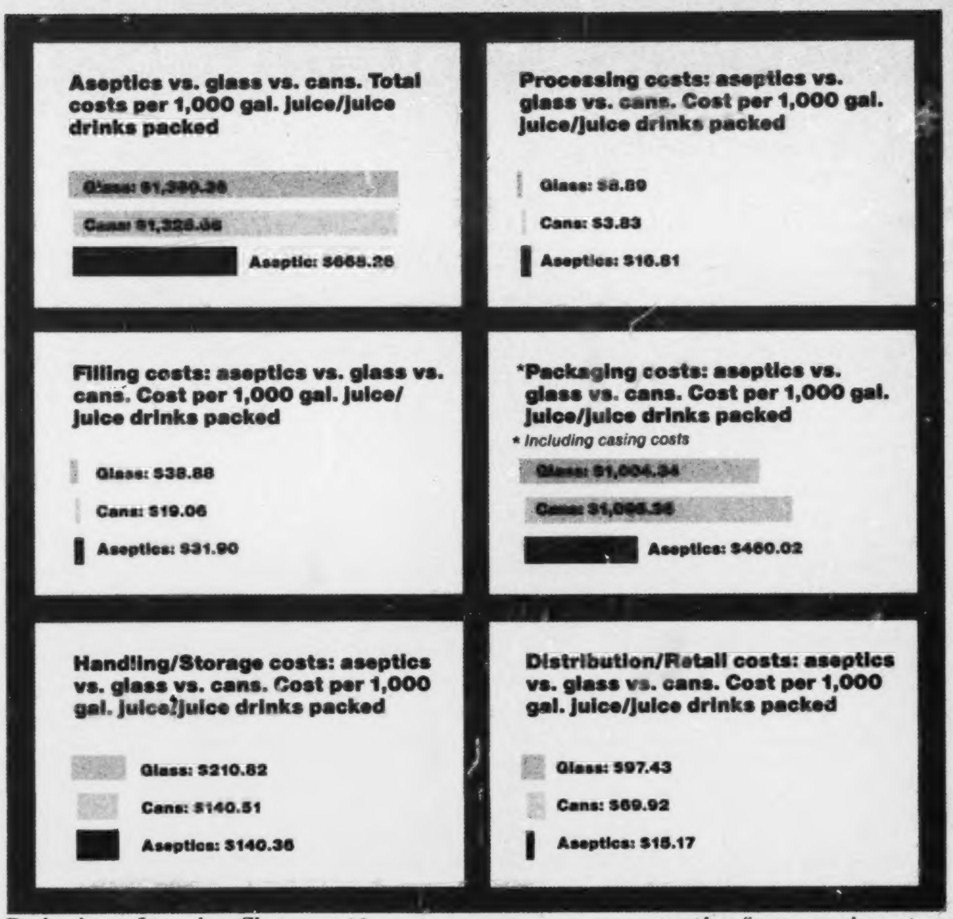
The company, meanwhile, recently introduced chocolate and white milk in an 8-oz. size and juice concentrate in quarts.

Marketing its products in 11 western states, Graves says that summer sales were "seasonable."

"We see an increase for quart sizes. The 8-oz. package," he adds, "is primarily tied to school."

The Brik Pak system, according to Graves, "is meeting our expectations. We've been in aseptics for nearly 30 years but the Brik Pak is a new package for us.

The Brik Pak aseptic system is also meeting the expectations also of Bill Driver, president of Green Spot Packaging, Inc. in Claremont, CA.



"I'd have to say that it (Brik Pak aseptics) is a very qualified success," he proclaimed, adding that his firm markets its orange, grape, fruit punch drinks and its "Action Ade" in 250-ml packages. Green Spot Packaging markets its products throughout southern California, Oregon, Washington State, parts of Nevada and Arizona. The company will be introducing a new product on the market soon but Driver refused to elaborate.

Consumer education

Although summer sales were "down substantially," Driver believes the downturn is the direct result of inadequate consumer education. "We're dealing with a very narrow consumer base," he said.

Many consumers, particularly mothers, he said, purchase aseptic juice products for their children's lunch boxes during the school year and discontinue their purchasing during the summer. "It's a matter of educating the consumers," he said.

His company's commitment to the future of aseptics is clear. "The future of aseptics is nothing but bright. People will find out that aseptics are more economical."

Known as "the paper bottle" at Ocean Spray Cranberries, Inc. of Plymouth, MA, sales of aseptically-packaged products "have been sensational," according to John Lawlor, a spokesman for the company.

"Sales have been pretty consistent throughout the year," he said, adding that aseptics "are growing at a rapid pace" for Ocean Spray.

Giving credence to the general belief that American consumers need to be educated towards aseptics, Lawlor said: "Once the consumer understood the package, it grew.

Anything that is now in cans," he said, "will be available in aseptics in the years ahead." Because the aseptic system is less expensive than glass, Lawlor says that Ocean Spray is able to pass the savings onto the consumer. "Convenience and value are two important advantages of aseptics. The whole aseptic area is very important to us."

Ocean Spray

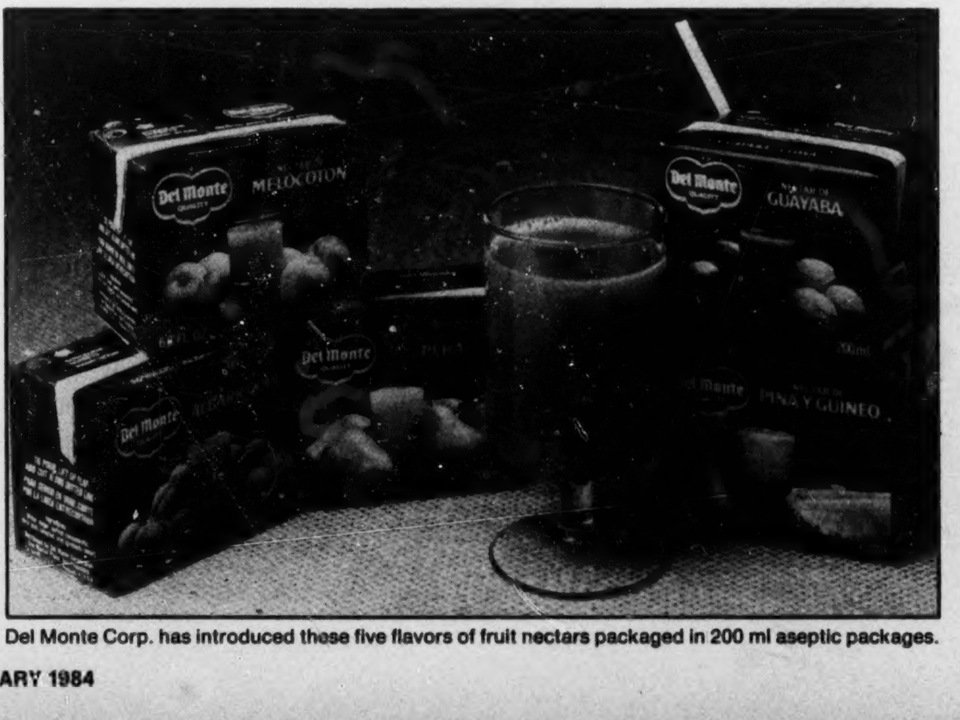
Using the Brik Pak aseptic system with APV processing, Lawlor says that the company is marketing its line of juices in the 250-ml package.

Ocean Spray markets its renowned Ocean Spray Cranberry Juice Cocktail, Cranapple, Crangrape, Pink Grapefruit Juice Cocktail, Apple Juice and Grapefruit Juice throughout the U.S. The company, meanwhile, is test marketing four concentrate flavors (apple juice, cranberry juice, pink grapefruit juice, and cranapple) in four markets—Harrisburg, PA; Syracuse, NY; Denver, CO, and Phoenix, AZ.

Lawlor, who claimed that Ocean Spray is the "pioneer" of aseptically-packaged products, said that the company will open a new aseptic plant in Texas and add capital improvements to a Wisconsin plant.

Still another juice producer will begin rolling out nationally this year using asep-

(Continued on page 54)



Del Monte Corp. has introduced these five flavors of fruit nectars packaged in 200 ml aseptic packages.

Aseptics segment packaging industry

by Joe Cavanagh, president, Joe Cavanagh Associates

The past year has witnessed the greatest segmentation of the carbonated soft drink industry since the inception of the business.

The results of the introduction of aspartame, the no-caffeine saccharin replacement, although threatening to some companies, has generally proven to be good for the soft drink industry. In fact, the birth of aspartame has even revived the industry's overall growth.

The beverage industry's non-carbonated juice drink segment now seems poised for a different kind of segmentation. This time the segmentation is in packaging, with the introduction of single-service size aseptically-packaged juice drinks in plastic-foil-paper composite cartons.

Bottlers' role

More significantly, the principal participants in this packaging innovation in the juice market may prove to be the soft drink bottlers, rather than the companies long associated with juice drink manufacturing and distribution.

The carbonated soft drink bottling groups throughout the country, after a decade of consolidation, have become major factors in the beverage industry. In fact, some firms are beginning to rival the soft drink dollar sales of their parent companies. Further consolidation within the industry, however, is limited. Continued high growth rates are unlikely to be satisfied within the confines of the carbonated soft drink market.

Bottler motivation

The most likely place to look for added growth is in the closely-related juice market. In this market, the bottlers can see a variety of opportunities:

1. To produce a product under their company's own name, or at least a product not controlled by the parent company;
2. To lower distribution costs by utilizing their existing distribution system; or, alternatively, to gain experience in the conventional warehouse and other forms of distribution associated with food marketing;
3. To reduce their dependence on can and glass suppliers by participating in the assembly of the container; and becoming more involved in the container's production at a later time;

> *'The principal participants in this packaging innovation ... may prove to be the soft drink bottlers ...'*

4. With the non-carbonated juice market complementing the bottlers present soft drink market;
5. To enter the institutional food service market, especially in schools where carbonated soft drinks are often banned at lunch time;
6. By offering the aseptic package as an extension of his present business because the present and future economics of the package look good; or as a hedge against rising costs of his present product line;
7. To protect his present carbonated soft drink business as a defensive measure.

Container economics

The juice market has long been the bastion of the 46-oz. metal can and glass bottles from one- to two-quarts. These packages have proven to be quite cost effective in delivering the product to the consumer. The cost of the primary container, plus the closure and the reshipper, ranges around one-half cent per fluid ounce of the packed product. In this price range, family-sized commercially packed juice drinks can be priced at retail to rival the cost of similar powdered drinks mixed at home.

Meanwhile, the 16-oz. and smaller-sized package cost per product increases dramatically for metal and glass.

The present cost of a 12-oz. aluminum can is now in the area of eight cents each and is expected to go to the nine- to 10-cent range by year's end when the effects of recent and pending aluminum price increases are felt in the can market. The can cost then goes from eight-tenths of a cent to over nine-tenths of a cent per ounce when secondary packaging costs are included, or up to 80% higher than the family size container cost.

A lightweight, prelabeled 12-oz. juice bottle, including closure and reshipper, and a six-pack gripping device could probably be delivered for under seven cents each, or under six-tenths of a cent per ounce of product. The cost is approximately 20% higher than the family size package.

The paper, plastic and foil aseptic contender is the 350-ml (11.835 oz.) size package. It is now selling for under six-and-a-half cents, including a reshipper carton and a plastic three-pack wrapper. The packaging costs per ounce, at a little over one-half cent now runs about 10% more than the family size cost.

The real message, however, is that these unit costs can be expected to decrease to a level of four-and-a-half to five cents in time. The basic material costs for the laminated construction is under three cents a unit. As improvements in the manufacturing process are made, a projected selling price between four-and-a-half to five cents seems reasonable. At this price level, the single service cost per ounce drops to the range of four-tenths of a cent per ounce, or 20% less than the present cost in family size containers.

Filling-line costs

The lowest cost filling-line operations are the glass and can filling lines, essentially requiring nothing but a hot fill to attain the desired level of sterility. Can filling speeds can run in the 1500-per-minute range, and glass lines can range from 750- to 1300-per-minute. The can filling line for juice drinks requires the injection of liquid nitrogen at the time of filling. This process gives the container some rigidity in storage and shipment. The added operation may act to slow down filling speeds for cans.

The aseptic filling lines call for a forming, filling and sealing operation to be conducted in whole, or in part, under sterile conditions.

The jury is still out, however, on the true operating costs of forming, filling and sealing the aseptic container. But it appears that full costs, including the expense of money and depreciation, are now in the range of 1.5 to 2.0 cents per container in the 350-ml size, according to the makers of the filling lines.

With the advent of aseptic packages on the American marketplace, however, bottlers may see a shinier financial light at the end of the consumer spending tunnel. ☐

About the Author

A native of New York City, Cavanagh founded the packaging consulting firm of Joe Cavanagh Associates in 1977. His firm provides a variety of services to many leading packaging companies, chemical producers and machinery makers.

Cavanagh has served in various executive positions with Kienle & Co., the American Can Co., Consolidated Cork and Midland Glass. He attended Queens College, City College and Fordham University and graduated with a Bachelor of Science degree in chemistry.

Cavanagh is a professional member of the Packaging Institute, USA.

NY brewer uses deposit law to launch unique promotion

UTICA, NY—The controversial New York State bottling law has proven to be a blessing for at least one regional brewery.

Just days before the law took effect in September, the F.X. Matt Brewing Co., headquartered here, launched a promotional campaign offering to pay the deposit on returnable packages of Matt's Premium Beer.

What is the result? "We're pleased with it," said Robert C. Flaherty, a spokesman for the brewery, adding that the promotion ended November 15. "We're waiting for the dust to settle."

"The promotion worked ideally for us. It gave an incentive to our salesmen when they contacted area bottlers because of the promotional qualities," he said.

One of the biggest boons the company's campaign had was with local retailers. Said Flaherty: "Just about every chain store in upstate New York offered us a featured space."

The Matt's deposit promotion offered consumers up to $2.40 in refunds, or the equivalent of the deposit on two cases of beer. The refund offer coupons appeared in major newspapers, and on shelf talkers and bottle hangers at the point-of-purchase, according to Frank Owens, vp-advertising.

"Our deposit refund offer worked ideally with the implementation of the law. It was timely because it capitalized upon the law's news value and it served to minimize consumer 'price-shock,' " said Owens, explaining the offer was designed to stimulate volume purchases.

"Think of it," he added, "there really was no better time to offer a refund."

• For more information on **F.X. Matt Brewing,** circle no. 402. ☐

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12 oz. vs. 300 ml. vs. 350 ml.

Bottlers flood aseptic market

(Continued from page 53)

tic packaging.

Louisiana Coke, which introduced "Squeeze" last August, will hit several major metropolitan markets in the spring, according to Ben Blake, gm of Refreshment Enterprises, Inc., a wholly-owned subsidiary of Louisiana Coke. "Squeeze" is a 35% fruit juice drink.

The drink is targeted toward teens and young adults compared to most other aseptic products on the market that are aimed at children.

"We presently have 45 vendors in the New Orleans market," said Blake, "We'll be rolling-out in the spring to establish 'Squeeze' nationally into major markets. Later, we'll be filling-in around the metro regions," he mentioned.

Blake said that his firm is "actively soliciting bottlers" for "Squeeze." He added that Refreshment Enterprises has 16 franchises to be rolled out by March with several others under negotiations.

In an exclusive interview published in BI's NSDA Show Daily last month, it was stated that Louisiana Coke began production with two Tetra Pak machines, which produces "Squeeze" in five flavors—apple, orange, grape, island punch and fruit punch—in 250-ml packages.

As companies begin to expand upon their product base using the less-expensive aseptic system, many more consumers should soon realize the savings on the retail shelf compared to other forms of packaging. No doubt the future of aseptics is bright.

• For more information, on **Combibloc,** circle no. 282 on reader service card; on **Brik Pak,** no. 283; on **Louisiana Coke's Squeeze,** no. 284; on **MSB's Rainbow Farm,** no. 285; on **Squirt's Sunglo,** no. 286; on **Dairymen, Inc.,** no. 287; on **Apple & Eve, Inc.,** no. 288; on **New England Apple Products,** no. 289; on **Texsun Corp.,** no. 290; on **Fruit Box,** no. 291; on **Real Fresh,** no. 292; on **Green Spot,** no. 293; on **Ocean Spray,** no. 294. ☐

Leading imported beer brands

(Mil. Gallons)

	1979	Pct. of Market	1980	Pct. of Market	1981	Pct. of Market	1982	Pct. of Market	1983E	Pct. of Market	Change
Heineken	59.1	42.9%	53.5	37.8%	62.9	38.9%	68.7	38.5%	72.8	37.8%	6.0%
Molson	29.3	21.3	31.7	22.4	32.0	19.8	32.0	17.9	30.6	15.9	4.4%
Becks	5.6	4.1	7.3	5.2	10.0	6.2	14.0	7.9	18.4	9.6	31.4
Moosehead	2.0	1.5	5.6	4.0	7.9	4.9	11.2	6.3	13.5	7.0	20.5
Labatt	6.6	4.8	6.9	4.9	9.0	5.6	9.5	5.3	9.8	5.2	3.2
Dos Equis	7.0	5.1	7.0	4.9	7.0	4.3	10.5	5.9	7.5	3.9	(28.6)
St. Pauli Girl	2.0	1.5	2.4	1.7	3.0	1.9	4.5	2.5	7.0	3.6	55.5
Carling O'Keefe	—	—	—	—	4.5	2.8	4.0	2.2	5.5	2.9	37.5
Guinness Harp	1.6	1.1	1.7	1.2	3.9	2.4	4.1	2.3	3.2	1.7	(22.0)
Tecate	—	—	—	—	3.8	2.3	2.7	1.5	3.0	1.6	11.1
Foster	1.4	1.0	1.6	1.1	1.7	1.0	1.7#	1.0	2.5	1.3	47.1
Amstel Light	—	—	0.5	0.3	0.7	0.4	1.1	0.6	2.5	1.3	127.3
Grolsch	1.4	1.0	1.6	1.1	1.8	1.1	1.5	0.9	2.0	1.0	33.3
Kirin	—	—	—	—	1.4	0.9	1.3	0.7	1.7	0.9	30.8
Corona Extra	—	—	—	—	—	—	0.2	0.1	1.7	0.9	*
San Miguel	—	—	—	—	1.1	0.7	1.4	0.8	1.4	0.7	—
Bass Ale	0.8	0.6	0.9	0.6	1.0	0.6	1.1	0.6	1.4	0.7	27.3
Tsingtao	0.2	0.1	0.4	0.3	0.8	0.5	1.0	0.6	1.4	0.7	40.0
Kronenbourg	—	—	0.7	0.5	1.2	0.7	1.4	0.8	1.3	0.7	(7.2)
Carta Blanca	1.8	1.3	2.1	1.5	2.3	1.4	1.3	0.7	1.2	0.6	(7.7)
DAB	—	—	—	—	—	—	0.7	0.4	1.2	0.6	71.4
Carlburg	—	—	—	—	—	—	0.7	0.4	1.0	0.5	42.8
Bohemian	—	—	—	—	0.7	0.4	0.8	0.4	0.6	0.3	(25.0)
Kalbeck	—	—	—	—	0.1	0.1	0.1	0.1	—	—	—
Alten Munster	—	—	—	—	0.1	0.1	0.2	0.1	0.4	0.2	*
Wartsteiner	—	—	—	—	—	—	0.1	—	0.2	0.1	*
Raffo	—	—	—	—	—	—	—	—	0.1	—	—
Sagres	—	—	—	—	—	—	—	—	0.1	—	—
Others	18.9	13.7	17.7	12.5	4.9	3.0	2.6	1.5	0.6	0.3	*
Total	**137.7**	**100.0%**	**141.6**	**100.0%**	**161.8**	**100.0%**	**178.4**	**100.0%**	**192.6**	**100.0%**	**8.0%**

*Not Comparable

#Adversely affected by 2½ month strike in summer of 1982.

Source: Lehman Brother Kuhn Loeb Research

Copyright: Beverage Industry and John Maxwell
January 1984

Imported beer outlook positive with 8% growth

(Continued from page 17)

Light have more than doubled in the past year—from 1.1 million gallons in 1982 to 2.5 million gallons in '83. ☐

Low alternates appear; suppliers stress promos

(Continued from page 59)

tered film.

For more information, circle no. 312

On display from the **Star*-Pak International Div. of A. Quelch Associates,** was a two-bottle plastic carrier for 2-L PET bottles. Also, bottle carriers for .5-L PET bottles and 16-oz. plastishield bottles.

For more information, circle no. 313

C.W. Zumbiel Co. exhibited Federal Paper Board's Jaket-pak carton for double, triple and quadruple neck-end cans. The new carton minimizes product scuffing with its interlock system.

For more information, circle no. 314

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Sanitizing, CIP systems

Automatic units provide effective, improved service

Bonewitz Chemical Services, Inc., exhibiting for the first time at the NSDA show, displayed its new P3 Lube System, an automatic central lubrication system for conveyors that can run up to four lines at one time. Timing devices allow the lubricant to be applied to meet individual conveyor conditions, instead of traditional continuous application. This saves on lubricants and minimizes slippery floors.

The P3 CIP System, in use in many dairies, is about half the price of other CIP systems, the company reports, but is equally effective.

For more information, circle no. 316

Diversey Wyandotte Corp. introduced its DWC Batch Caustic Controller designed to control the dispensing of bulk liquid caustic with microprocessor-based control. Company reports advantages of the system include flexibility, safety, convenience and simplicity of operation.

For more information, circle no. 317

Also displayed was the DWC Portable Circulation Cleaning System designed specifically for cleaning applications in the soft drink industry. It enables quality cleaning results at a tenth of the cost of many other systems, the company reports.

For more information, circle no. 318

CIP Systems, CIP compounds and bottlewashing compounds were featured by **DuBois Chemicals** at the expo with company executives displaying self-infoaming cleaners/sanitizers, polymer synthetic lubricants, boiler treatment compounds and cooling tower treatment compounds.

For more information, circle no. 319

Also on exhibit in the **DuBois** booth was Alfa Laval's aseptic processing equipment, the only one on the floor.

For more information, circle no. 320

Economics Lab., Klenzade Div., displayed its total sanitation program, including conveyor lubricants, sanitizers, CIP detergents, general cleaners and maintenance products, insecticides, bottle washing powders and liquids, warmer treatment, lube dispensers and more.

For more information, circle no. 321

On exhibit in the **Entech Systems Corp.** booth was a full range of improved automatic insecticide fogging sys-

(Continued on page 64)

2/21/84

CH340-2

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS FEBRUARY 1984

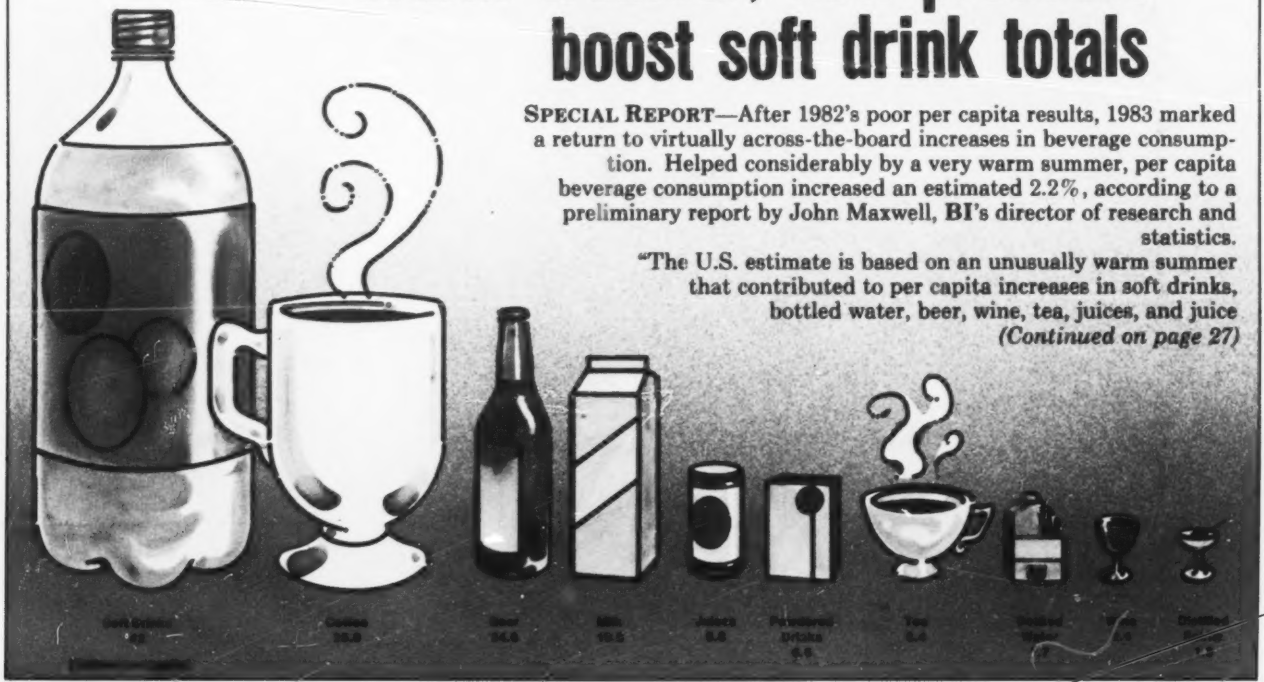
Beverage Industr

MARKETING □ DISTRIBUTION □ TECHNOLOGY AN HBJ PUBLICATION

St. Louis a market profile page 13

'83 per capitas increase 2.2%

Warm weather, new products boost soft drink totals



Special Report—After 1982's poor per capita results, 1983 marked a return to virtually across-the-board increases in beverage consumption. Helped considerably by a very warm summer, per capita beverage consumption increased an estimated 2.2%, according to a preliminary report by John Maxwell, BI's director of research and statistics.

"The U.S. estimate is based on an unusually warm summer that contributed to per capita increases in soft drinks, bottled water, beer, wine, tea, juices, and juice

(Continued on page 27)

BI Report

- **Coca-Cola recently concluded five regional bottlers meetings on aseptic packaged products. According to sources, the "low key" meetings discussed potential for bottlers in the field. Presentations covered full range of aseptics from production through marketing. Coke expertise, through its Foods Div.—reportedly the largest U.S. producers of aseptics with Hi-C—on full display. A public announcement is expected within the month.**

- **Dr Pepper proxy state-**

(Continued on page 62)

Posner vs. RC in leverage deal

Atlanta—Management of Royal Crown Cos. announced here last month a leveraged buyout of the firm. The move was immediately contested by long-time investor Victor Posner, who owns approximately 28% of the outstanding stock.

Total value of the opposing offers range from $303 million to $328 million.

Under the management offer, $37 per share, RC would be merged with Peachtree Holdings, owned by RC Chairman William T. Young, President Donald A. McMahon and David Jones, an RC director.

The Posner offer, $40 per share, is being made through a newly-formed subsidiary of Chesapeake Insurance Co., an affiliate of DWG Corp., which Posner controls.

The board also issued two million shares of a new series of preferred stock to Peachtree Holding which carries three votes a share, giving Peachtree voting control. □

Aspartame breakdown under study

But NSDA, Searle affirm its safety

Skokie, IL—G.D. Searle's revolutionary low-calorie sweetener, aspartame, has come under fire recently because of alleged chemical breakdowns under certain storage conditions.

Aspartame, marketed under the brand name NutraSweet in soft drinks, has been heralded as a new sugar substitute which, according to previous reports, is 180 times sweeter than sugar.

The Arizona Department of Health Services is currently testing certain soft drinks that contain NutraSweet for possible signs that the sweetener deteriorates into toxic levels of methyl alcohol under warm storage. Arizona State University and members from the Arizona Dietetic Association petitioned the health services department to outlaw soft drinks with aspartame.

But NSDA officials reply: "That question has been specifically addressed by FDA and dismissed as of being no consequence . . . Researchers have noted that the methyl alcohol content occurring naturally in fruit juices is much greater than the maximum amount that could be formed in aspartame-sweetened soft drinks."

Howard Roberts, NSDA vp-science and technology, adds, "NSDA has no reservations about the continued use of aspartame . . ."

(Continued on page 55)

Feds propose making 21 minimum drinking age

by Patricia Raber

Washington, DC—As a means of cracking down on the pervasive problem of drunk driving, a presidential commission has recommended that there be a federal law raising the minimum drinking age to 21.

But the administration and the United States Brewers Assoc. (USBA) contend that drinking age limits should be determined by the individual state.

The Presidential Commission on Drunk Driving proposed that states not in compliance with the higher age requirement would lose their federal highway construction aid.

Nineteen states already require 21 as the legal drinking age and a bill introduced by Rep. James Florio (D-NJ) calling for a national drinking age of 21 passed a House Energy and Commerce subcommittee last session. The full committee is expected to act on the measure shortly.

Still, the administration has consistently opposed federal intervention in the drinking age issue. During hearings on Florio's bill, National Highway Traffic Safety Administrator Diane Steed admitted that while the administration believes a higher drinking age will indeed save lives, it is still a state matter.

"We believe that a strong trend has already been established in this direction through grassroots efforts of many organizations," she testified.

And when the commission recently released its 39-

(Continued on page 55)

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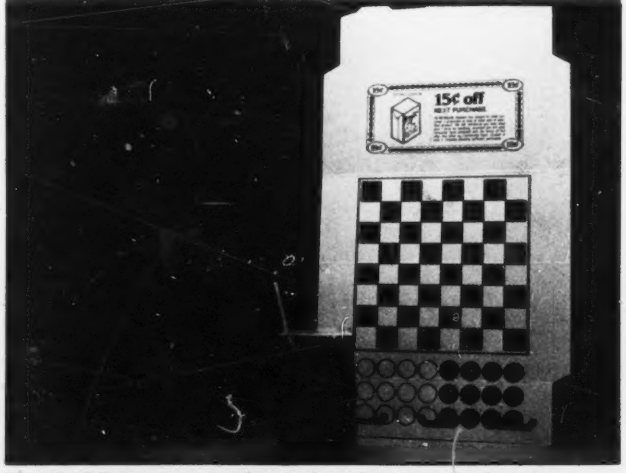
BI Now Package



The Multi-Pak wraparound paperboard cartons can improve aseptic product identity, International Paper reports. Page 43.

Beverage Industry

AmeriCola
NATURAL
NO PRESERVATIVES
SUGAR FREE
Less Than 1 Calorie!

LA-based AmeriCola plans national rollout

Carson, CA—AmeriCola Beverage Co., which has marketed its product solely in the Southern California area for almost two years, has announced plans for nationwide distribution over the next six months.

"We will be going into a new region every 30 days," revealed president Andrew Manley from the company's headquarters, located here.

The first introduction outside Southern California took place this month in the San Francisco Bay area to cover the Northern California territory.

AmeriCola makes its debut in January in Georgia and four surrounding states through a central office in Atlanta. This month, the product goes to the Midwest, via Chicago, St. Louis, Kansas City and major cities in Indiana.

The Mid-Atlantic region, including New Jersey, Pennsylvania, Maryland, Washington, D.C., and parts of Virginia, will get its first taste of AmeriCola in March, followed by New York and the New England states in April. The last of the currently

(Continued on page 56)

BI study: Speed, efficiency top buyers' equipment requirements

by Craig Fintor

Special Report—Evidently increasing sales coupled with the return of a stronger national economy has spurred beverage producers to get out their budgets and checkbooks and make plans to modernize their plants.

According to a recently-released exclusive **Beverage Industry** study (see page 69, November 1983), 74% of the country's beverage producers are planning capital expenditures this year. Of that total, 10% will make substantial investments of $1 million or more. Meanwhile, 63% of the respondents to the **BI** study revealed that they will spend more money than was budgeted in 1983.

The 1984 equipment trends study was conducted by the Infometrics National Research Center of Harcourt Brace Jovanovich Publications. The figures were tabulated by the **Beverage Industry** Statistical Research Center. This year's study includes the entire realm of the beverage industry—carbonated beverages, non-carbonated liquid beverages, powders, wine, malt beverages, bottled water, and juices.

In addition to pegging their planned purchases, respondents were asked to rank specific equipment characteristics and problems in order of importance. These responses reveal what, in essence, the beverage corporate buyer is looking for in new equipment.

Equipment trends

Overall, these executives are looking for faster speeds; greater flexibility; more auto-

(Continued on page 44)

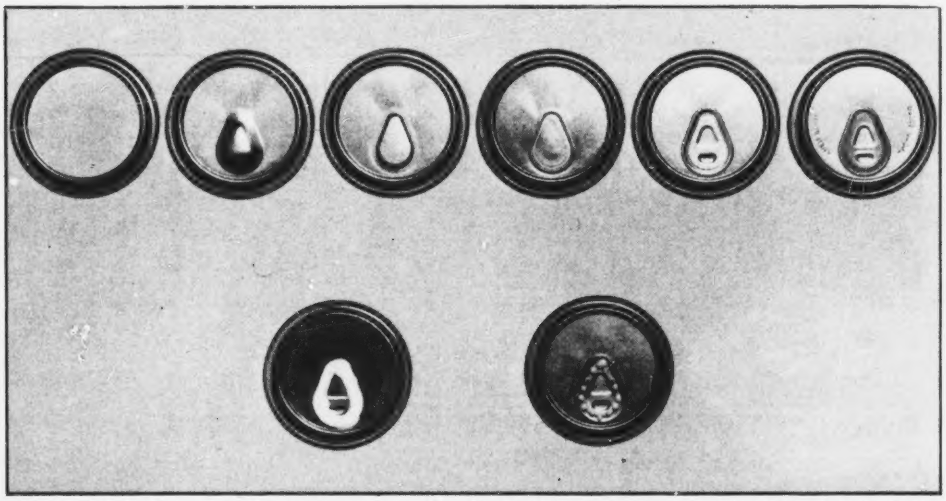
Syfo, MSB ink pact for franchising water

N. Miami, FL—Syfo Water Co., located here, a major franchisor of bottled water products, and Mid-South Bottling, holding company for Pepsi-Cola bottlers in Tennessee, Arkansas, Louisiana and Mississippi, have announced a new franchising relationship between the two companies. The announcement was made by Syfo Water Co. president Jeff Schussler in December.

Under the new agreement, Mid-South's subsidiaries, Gulf South Beverages, Inc. and Pepsi-Cola Bottling of Baton Rouge, Inc. will become franchised bottlers of Syfo water products for most of the Louisiana markets, Schussler said. It can be expected, he states, that the other Mid-South areas will be added in the near future.

Mid-South, headed by former Pepsi-Cola officer Al Burke, will be a key marketing area and supply point in helping Syfo expand into other markets across the U.S. In making the joint announcement, Burke said, "Sparkling water has become the fastest growing segment of the carbonated soft drink market and bottled water has tripled over the past seven years. Together they're growing at an annual rate of 15% . . . We're excited about the growth possibilities offered by this relationship."

The joint venture is effective immediately, according to both Schussler and Burke. The companies began producing in the New Orleans operation on Dec. 15, Burke said, and expected full distribution by Jan. 15." ☐



Top row illustrates production sequence in making the Tab-E end, beginning with a plain end at left, several tab-forming stages and finishing with the new end at right. Two ends at bottom depict tab sealing materials, either plastisol, at left, or a hot melt-type sealant.

Money saving can end developed

Lansing, MI— A new can end developed by Amtech International, located here, can reportedly save users nearly $10-per-thousand cans. The new steel easy-opening end can be used for steel cans holding beer, soft drinks and juices, according to the American Iron and Steel Institute (AISI).

The new "Tab-E" operates by a slight finger pressure to vent the opening, then a gentle push to depress the hinged tab, which remains attached to the end.

According to Edgar D. Smith, president of Amtech International, the concept is currently being evaluated by major can companies, beverage producers and others. Obviously partial to steel, Smith said, "The prospect of a substantial package cost reduction is the primary reason for this interest.

"The two main factors that make it possible are the use of steel instead of aluminum and the fact that no additional

(Continued on page 24)

New Coke ad campaign bullish on Sprite, Tab

Atlanta—Coca-Cola USA has taken the promotional bull by the horn with an aggressive new advertising campaign for Sprite and a more sharply focused campaign for Tab with Olympic gold medalist Dorothy Hamill as a spokeswoman.

The campaign features a series of new television commercials that also include spots for diet Coke with NutraSweet, caffeine-free Coke and a commercial dubbed "Family Portrait" for flagship brand Coke. Commercials focusing on the 1984 Olympic Games are also airing, said company officials.

The Sprite campaign goes

(Continued on page 37)

VO:

Recently an independent research firm ran a taste test between Sprite and 7UP.

And the taste people chose most often was the taste of Sprite.

That's because Sprite's the only caffeine-free soft drink with Lymon.™

And people just seem to love that great Lymon™ taste.

We like to look at it this way...

We gave the people a choice, and more of them made the Sprite one.

MUSIC:

It's ONLY SPRITE for you!

Features

1 **BI's annual beverage study**
The long hot summer of 1983 proved to be a boon to the beverage industry. Each segment of the industry had virtually across-the-board increases.

4 **Plant improvements targeted**
The checkbooks will be opening up this year with a fury as beverage industry executives begin to upgrade and replace their old plant equipment.

13 **St. Louis market study**
BI's exclusive continuing series of key market cities views the city known as the "Gateway to the West." What makes this city tick? What are its current beverage trends? One critical beverage factor of this innovative city remains clear: Anheuser-Busch is tops.

40 **Bully for RKO Bottlers**
This Fort Wayne Pepsi bottler has invested more than $25 million on vending. More cases are sold through vending than at home, say company executives.

43 **IP introduces aseptic Multi-Pak**
International Paper is taking the aseptic bull by the horns and is marketing Multi-Pak, a new paperboard carton for aseptic packages.

48 **Casing the casers and uncasers**
What are beverage executives looking for in casers and uncasers? **Beverage Industry's** survey describes the needs of beverage companies throughout the U.S. The survey also points out how much money some company executives will spend to get what they want for improved productivity.

page 13

page 40

Departments

Reader service 17
Beverage Indicators 19
Trucks 31
Plant Security 32
NOW Package 43
New Products 57
Newsmakers 58
Supply House 61
Classified ads 63
Ad Index 66
Editorial 68

Soundoff

People: still the solution

"The solution to the continuing threat of soft drink taxation in the U.S. depends on you and hundreds of other people in the soft drink industry. This industry has the people, the facts and the resources to do the job. . . . Indeed, we have done it over 2,000 times over a period of 50 years. . . .

"The key to continued victory in this vital area is based on sincere, effective, individual personal effort. If all persons in the soft drink industry continue to be dedicated to preserving a competitive soft drink market which is not encumbered with special discriminatory soft drink taxation, then we will be successful. . . ."

—**Oakley Melton, Jr.**
Legal Counsel, Alabama SDA
at the '83 InterBev Conference.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices. Copyright © 1984 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.
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SHURflo...the leader in Bag-in-Box technology

Announces INNOVATIONS IN DISPENSING SYSTEMS

NEW
gas operated post-mix dispensing pump

NEW
electric syrup dispensing pump

NEW
carbonated water shut off

As the popularity of Bag-in-Box and bulk dispensing systems increases, Shurflo's technological efforts are keeping pace. Always looking for cost-effective methods, Shurflo developed these creative and reliable new products. The new gas pump is a prime example of Shurflo's leadership. It operates efficiently on either CO_2 or compressed air, providing constant flo to single or multiple dispensing heads. Its gas operated diaphragm pump makes it ideally suited for post-mix syrups, teas, juices and other beverages. An automatic shut-off is incorporated to automatically shut off the pump when the B.I.B. is empty and automatically restart when a full B.I.B. is installed. Call us today for complete information on these innovations in dispensing systems.

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electric wine dispensing pump

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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Cola	312.4	312.7	.1	305.0	2.5
Other carbonated soft drinks	146.3	147.6	1	144.6	2.1
Noncarbonated drinks	140.5	141.0	.35	138.8	1.6
Wine	234.8	235.7	.38	237.5	(1)
Beer and ale	224.4	225.4	.46	211.4	6.6

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Glass Bottle Production **Total Bottles:**	26,251	26,807	2.1	29,226	(8.3)
Beverage: Refillable	350	340	(2.9)	398	(14.6)
Nonrefillable	5,400	5,991	11	6,343	(5.5)
Beer: Refillable	331	175	(47)	134	(31)
Nonrefillable	9,281	9,183	(1.1)	10,121	(9.3)
Liquor	1,127	1,150	2	1,254	(8.3)
Wine	785	855	8.9	727	17.6
Plastic Bottle Production* Carbonated beverages	186,619	237,579	26	213,150	11.5

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

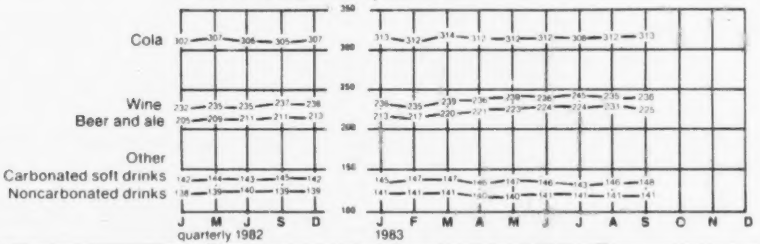
	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
Beer*	18,922,755	18,069,334	(4.5)	NA	–
Whiskey	4,121,614	7,412,365	80	NA	–
Brandy	369,449	325,018	(12)	NA	–
Gin	564,845	482,895	(15)	NA	–
Rum	150,648	122,807	(18.5)	NA	–
Cordials & liqueurs	642,349	522,621	(18.6)	NA	–
Others	627,778	928,440	48	NA	–
Total	25,399,438	27,863,480	9.7	NA	–
Sparkling wines	737,920	694,264	(5.9)	NA	–
Still wines, table	9,122,165	8,886,257	(2.6)	NA	–
Still wines, fortified	159,627	156,639	(1.9)	NA	–
Vermouth	126,061	182,066	44.4	NA	–

*Includes ale, stout, porter

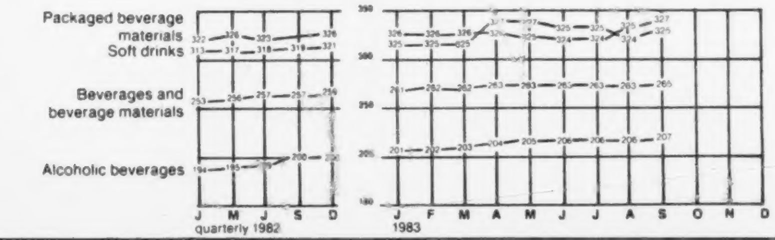
NA: Not Available

Source: National Association of Beverage Importers, Inc.

1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)



Closures for Beverages (thousands of gross)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Metal (for spirits, wines)*	90,063	78,598	(12.8)	43,307	81.5
Plastic (for spirits, wines)*	113,980	148,871	30.6	143,921	3.4
Metal Crowns (beer & soft drinks)	15,530	14,756	(5)	24,652	(40)
Soft drink (convenience and conventional types)	6,155	6,989	13.5	10,114	(31)
Beer (convenience and conventional types)	9,348	7,767	16.9	14,538	(47)
All other metal closures other than crowns	9,281	8,898	4.1	6,587	35.1

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Soft drinks	325	327.1	.64	318.8	2.6
Alcoholic beverages	206.4	206.7	.15	199.7	3.5
Beverages and beverage materials	263.4	264.5	.42	257.1	2.9
Packaged beverage materials	324.3	324.7	.12	319.4	1.7

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	September 1983	October 1983	% Change	October 1982	October '82 vs. October '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	–	NA	NA
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–	14.25	–
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–	32.20	–

NA: Not Available

Source: The Journal of Commerce

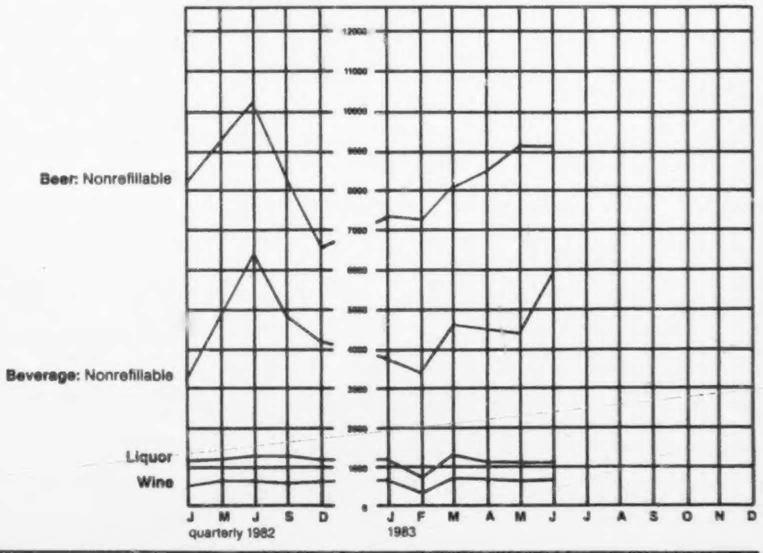
Alcoholic Beverage Removals (barrels of 31 gals)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Beer	17,334,301	17,103,625	(1.3)	16,328,649	4.8
Wine*	35,442,114	29,652,854	(16.3)	26,976,976	10
Spirits*	32,452,675	24,693,465	(24)	24,058,070	26.4

*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

Bottle Shipments (thousands of gross)



U.S. liquid consumption trends

(gallons per capita)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983E
Soft Drinks	20.3	22.3	23.5	24.8	25.9	27.0	28.6	30.1	31.5	31.4	31.0	33.7	35.9	37.1	38.1	38.8	39.5	40.1	42.0
Coffee	37.8	37.4	37.0	37.0	36.2	35.7	35.3	35.2	35.1	33.8	33.0	29.4	28.0	27.0	29.2	26.8	26.7	26.1	25.9
Beer	15.9	16.5	16.8	17.3	17.8	18.5	19.2	19.7	20.5	21.3	21.6	21.8	22.5	23.1	23.8	24.3	24.6	24.4	24.6
Milk	26.0	25.9	25.3	25.6	25.3	23.1	23.0	23.1	22.7	22.0	22.1	21.9	21.5	21.3	21.0	20.7	20.4	20.0	19.8
Juices	3.8	4.0	4.8	4.7	4.8	5.2	5.7	6.1	6.1	6.2	6.9	6.9	6.9	6.6	6.7	6.9	6.7	6.6	6.8
Tea	4.9	5.2	5.1	5.3	5.2	5.5	5.8	5.9	6.3	6.2	6.2	6.4	6.9	6.7	6.6	6.6	6.5	6.3	6.4
Powdered Drinks	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	4.8	5.5	5.9	6.1	6.0	6.0	6.0	6.0	6.5
Wine	1.0	1.0	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.7	1.7	1.8	2.1	2.2	2.3	2.3	2.3	2.4
Bottled Water	NA	NA	NA	NA	NA	NA	1.1	NA	NA	NA	1.2	1.2	1.3	1.4	1.5	1.6	1.9	2.2	2.7
Distilled Spirits	1.5	1.6	1.6	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.8
Subtotal	111.2	113.9	115.1	117.5	118.2	118.1	122.1	123.6	125.8	124.6	130.5	130.5	132.7	133.4	137.1	136.0	136.6	135.9	138.9
Imputed Water Consumption	71.3	68.6	67.4	65.0	64.3	64.4	60.4	58.9	57.6	57.9	52.0	52.0	49.8	49.1	45.4	46.5	45.9	46.6	43.6
Total	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5

Sources: USDA; DSI; USBA; ABWA;
LBKL Research estimates

Copyright: John Maxwell,
Beverage Industry,
February 1984

Warm weather, new products boost SD totals

(Continued from page 1)

drinks," says Maxwell.

Coffee, milk and distilled spirits did not gain in per capita consumption for the second consecutive year.

The report shows that soft drinks made the highest per capita jump, moving to 42.0 gallons from 40.1 in '82. In addition to warm summer weather, consumption was aided by an improving economy, and new caffeine free and aspartame-sweetened diet beverages.

The new segments appear to be attracting some new consumers for soft drinks, primarily the health-conscious drinker.

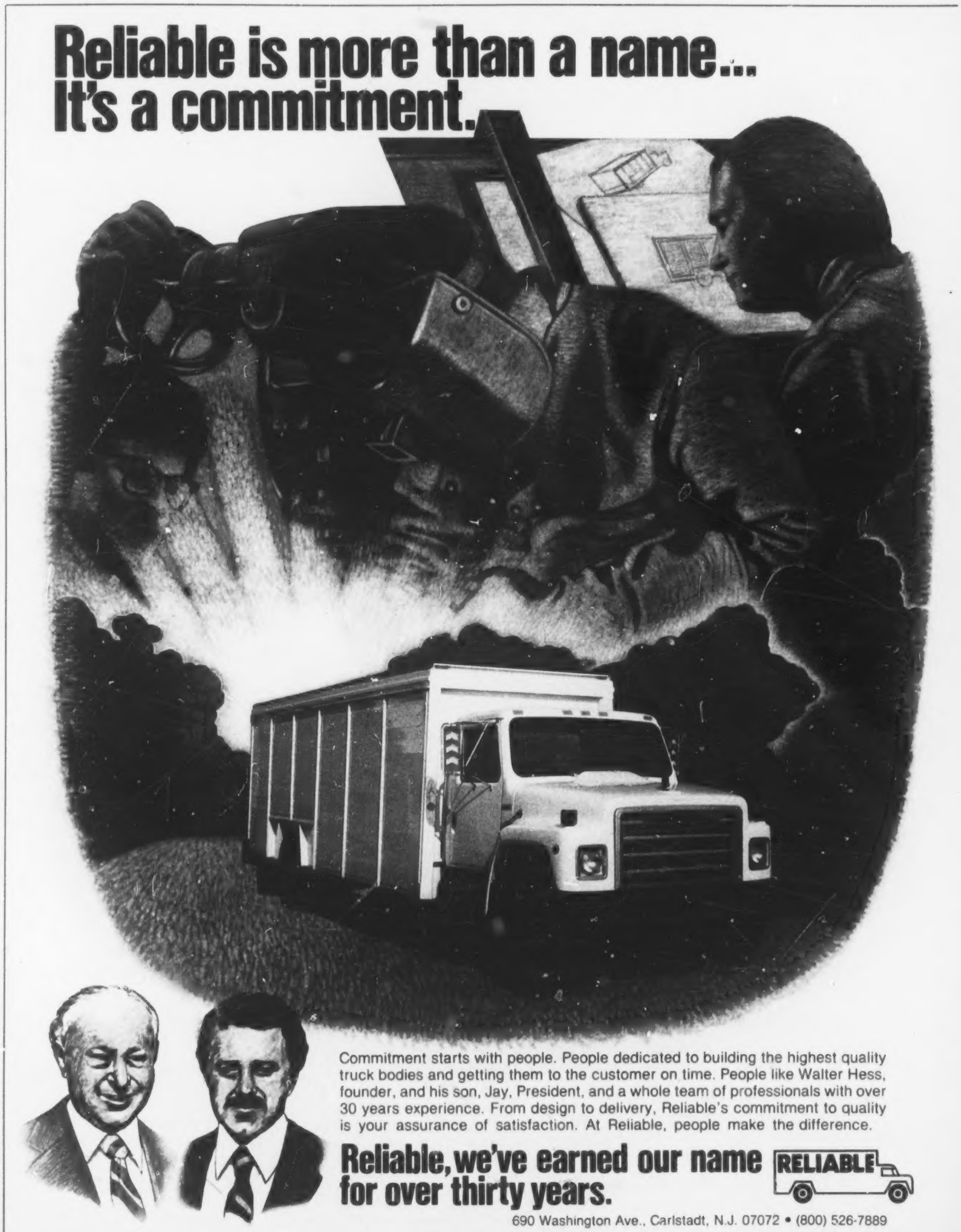
Although 1983 soft drink brand figures are not yet available, it is anticipated that diet beverages will approach 20% of totals. **Beverage Industry** also estimates that caffeine free colas will account for between 5%-10% of the total cola category.

The other big gainer, bottled water, sustained an increase of 22.7% in 1983, bringing its total per capita consumption to 2.7, up from 2.2 gallons in 1982. One reason for this, Maxwell says, is because of consumer inclination to stay away from tap water.

Imputed water (tap water) dropped from 46.6 gallons in '82 to 43.6 last year, by far the largest decline of all beverages represented in the report. Maxwell feels that this is in large part the result of heightened consumer fear over municipal water filtering systems. The health-conscious consumers have also surfaced in the water area.

While the beer industry gained in per capita consumption in '83, none of the gains were particularly significant. Beer consumption was 24.6 gallons in '83, a min-

(Continued on page 30)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Estimated tea sales trends
(million lbs.)

	1978		1979		1980		1981		1982		1983E	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Iced Tea	106.18	68.5%	105.26	68.4%	106.16	68.1%	105.06	67.3%	103.55	66.8%	106.96	67.3%
Hot Tea	48.82	31.5	48.74	31.6	49.84	31.9	50.94	32.7	51.45	33.2	52.04	32.7
Total	154.00	100.0%	156.00	100.0%	156.00	100.0%	156.00	100.0%	155.00	100.0%	159.00	100.0%

Estimated wine consumption
(gallons per capita)

	1977	1978	Change	1979	Change	1980	Change	1981	Change	1982	Change	1983E	Change
Domestic	1.510	1.726	14.3%	1.742	0.9%	1.806	3.7%	1.847	2.3%	1.821	(1.4)%	1.848	1.5%
Imported	0.313	0.421	34.5	0.408	(3.1)	0.449	10.0	0.493	9.8	0.525	6.5	0.557	6.0
Total	1.823	2.147	17.8%	2.150	0.1%	2.255	4.9%	2.340	3.6%	2.346	0.3%	2.405	2.5%

Sources: USDA; DSI; USBA; ABWA;
LBKL Research estimates

Copyright: John Maxwell,
Beverage Industry,
February 1984

Warm weather, new products boost SD totals

(Continued from page 27) imal gain from the 24.4 of the previous year, Maxwell said. He also says volume could have been flat or down had it not been for the extra hot summer.

"People are moving away from alcoholic beverages across the board, including wine, beer and hard liquor," said Maxwell. "Alcoholics Anonymous is at a new high in registration, drunken driving laws are being passed and enforced, and higher minimum ages for drinking are discussed in most states. All of this attention has acted to lower consumption."

Wine up slightly

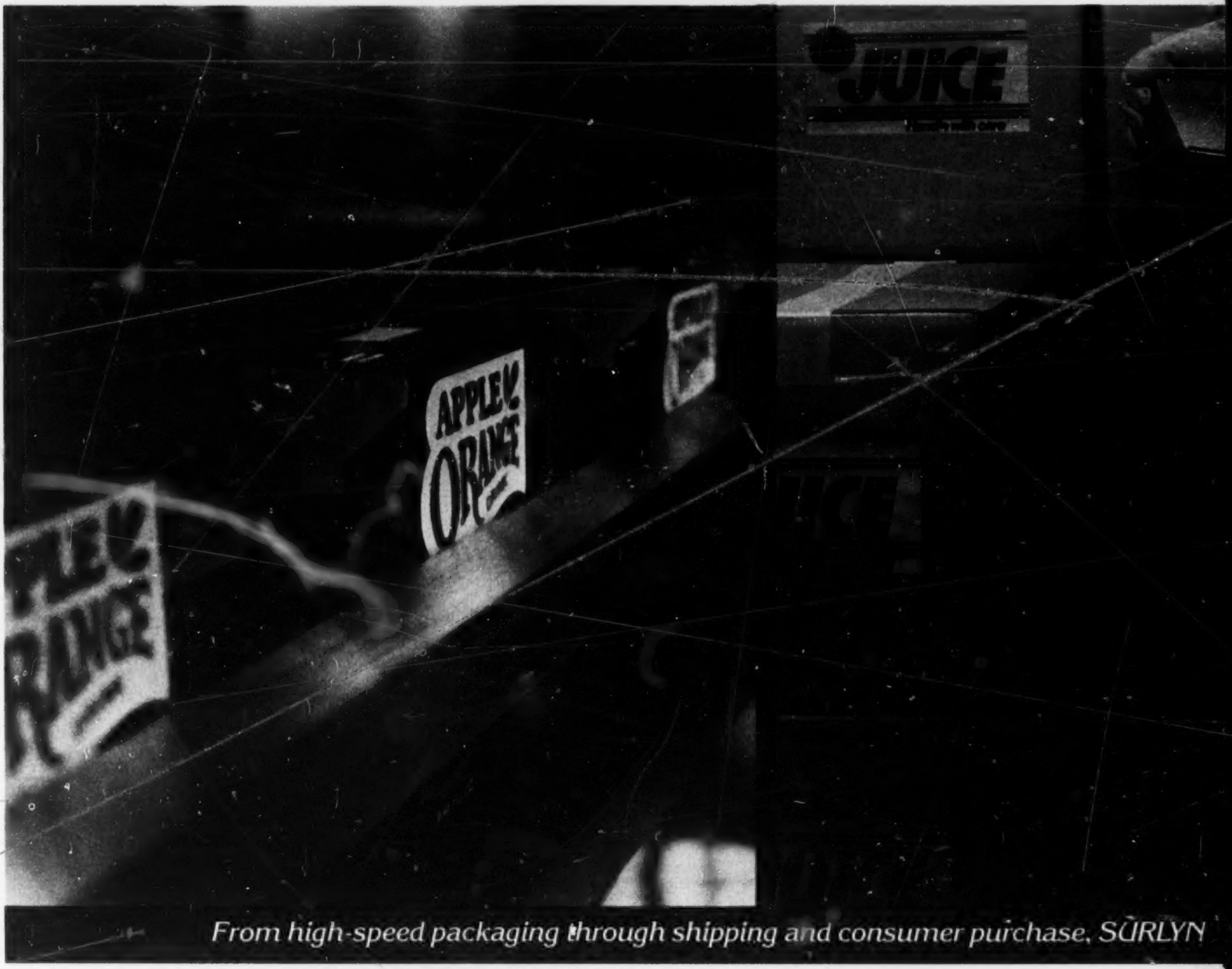
Maxwell estimates per capita wine consumption in 1983 to be 2.4 gallons, up 2.5%, with imports gaining 6% and domestic wine showing a 1.5% increase.

One wine industry source says new positioning of domestic wine in ads contributed to this increase. For example, positioning wine as a beverage that would go great with chicken, pizza, tacos or any type of picnic food helped to increase consumption.

Juices and juice drinks—spurred in large part by the popularity and growing distribution of aseptic packages—appear to be back on the growth cycle. Maxwell estimates '83 per capita at 6.8 gallons, up from 6.6 in '82. Again, he points to the hot summer as the primary reason for the increase.

The effect of temperature also is evident in the tea segment. Per capita tea consumption was 6.4 gallons, up slightly from 1982's 6.3. Iced tea made up the bulk of the gain. Iced tea is 67.3% of total tonnage and was up some 3.4 million lbs. in '83. Hot tea, however, dropped to 32.7% of the total, while tonnage of tea rose to only about .5 million lbs. □

Packagers pick Surlyn® for



From high-speed packaging through shipping and consumer purchase, SURLYN

SURLYN* ionomer resin provides outstanding adhesion to unprimed foil, and good adhesion to PE. By maintaining its adhesion against aggressive acids, solvents and oils, SURLYN helps give aseptic cartons the integrity needed for extended shelf life.

SURLYN also strengthens the oxygen barrier of aseptic cartons. The adhesive layer of SURLYN guards against spoilage by helping resist foil flex cracking and pinholing.

Cost-cutting benefits proved.

A Du Pont study shows that aseptic packaging can cut roughly 50% from the total cost of packaging juices and juice products. Particularly in

Efficiency, speed top buyers' needs

(Continued from page 4)

matic action; advanced controls or monitoring systems; greater efficiency; and greater energy efficiency. Another key requirement is ROI.

The majority of soft drink firms do not expect a return on their investment in the first year while 7% of beer producers expect maximum return on their capital equipment investment in the first 12 months. Forty-seven percent of the soft drink companies say that they expect to receive maximum return on their capital equipment investment in three years after purchase.

Meanwhile, 43% of the beer manufacturers expect their investment return to occur in two years after purchasing.

Fifty-six percent and 50% of bottled water and powder drink makers, respectively, report that they expect maximum return on their capital equipment investment in two years after purchase. But 63% of wine producers and the remaining 50% of powder drink companies expect maximum return in three years.

Labor savings that affect the return on their investment is the top priority of 75% of wine makers. But 100% of the powder drink producers and 90% of the non-carbonated liquid beverage makers say that the combination of labor savings and more finished output efficiency per machine is important to them.

Seventy-five percent of malt beverage companies consider faster speed "very important" in purchasing equipment. But, 77% and 71%, respectively, of juice producers and non-carbonated liquid beverage firms responding to the study stated that faster speed in equipment is "somewhat" important.

Labor savings

Seventy-four percent of the soft drink companies responding to **BI**'s study revealed that factors which affect return on their capital equipment purchase are labor savings combined with improved finished output efficiency per machine.

Most of the beverage firms questioned said that greater flexibility in equipment is "very" important. But only 17% of powder drink companies regarded greater flexibility as a top priority. More automatic action is regarded with equal importance by the responding companies.

Forty percent of the re-

(Continued on page 51)

Significant machinery problems

	Total	Carbonated beverages	Non-carbonated liquid beverages	Powders	Wine	Malt beverages	Bottled water	Juices
Insufficient speed base:	(194)	(83)	(31)	(6)	(19)	(20)	(17)	(18)
Major problem	16%	14%	7%	33%	22%	29%	11%	8%
Somewhat of a problem	42	50	36	34	12	43	56	38
Not much of a problem	32	25	50	33	44	21	22	46
No problem at all	10	11	7	*	22	7	11	8
Lack of flexibility								
Major problem	23%	31	36	17%	33%	7%	*%	15%
Somewhat of a problem	32	28	14	16	22	67	22	47
Not much of a problem	38	33	43	67	33	26	78	23
No problem at all	7	8	7	*	10	*	*	15
Availability of spare parts								
Major problem	35%	28%	47%	33%	70%	33%	12%	33%
Somewhat of a problem	26	31	15	33	10	31	33	17
Not much of a problem	27	31	15	17	20	18	33	42
No problem at all	12	10	23	17	*	13	22	8
Energy/power consumption								
Major problem	20%	19%	36%	17%	13%	13%	23%	15%
Somewhat of a problem	33	41	29	*	12	47	33	31
Not much of a problem	38	32	28	67	63	33	33	46
No problem at all	9	8	7	16	12	7	11	8
Vendor service								
Major problem	19%	19%	21%	17%	30%	13%	13%	17%
Somewhat of a problem	28	25	29	33	20	34	13	42
Not much of a problem	37	45	21	17	40	40	50	24
No problem at all	16	11	29	33	10	13	24	17
Cost								
Major problem	20%	25%	21%	*%	22%	18%	33%	8%
Somewhat of a problem	54	50	58	33	44	58	56	69
Not much of a problem	23	17	21	67	33	24	11	23
No problem at all	3	8	*	*	*	*	*	*
Quality of construction								
Major problem	28%	27%	36%	*%	40%	31%	22%	23%
Somewhat of a problem	27	32	14	33	10	38	11	31
Not much of a problem	35	32	29	50	50	25	44	38
No problem at all	10	9	21	17	*	6	22	8
Delivery time								
Major problem	17%	19%	14%	17%	11%	31%	11%	8%
Somewhat of a problem	44	43	50	17	67	38	33	54
Not much of a problem	34	35	29	49	11	31	56	30
No problem at all	5	3	7	17	11	*	*	8

*Under 5%

Totals may not equal 100 because of rounding

Source: SRCH Statistical Research Center for Beverage Industry

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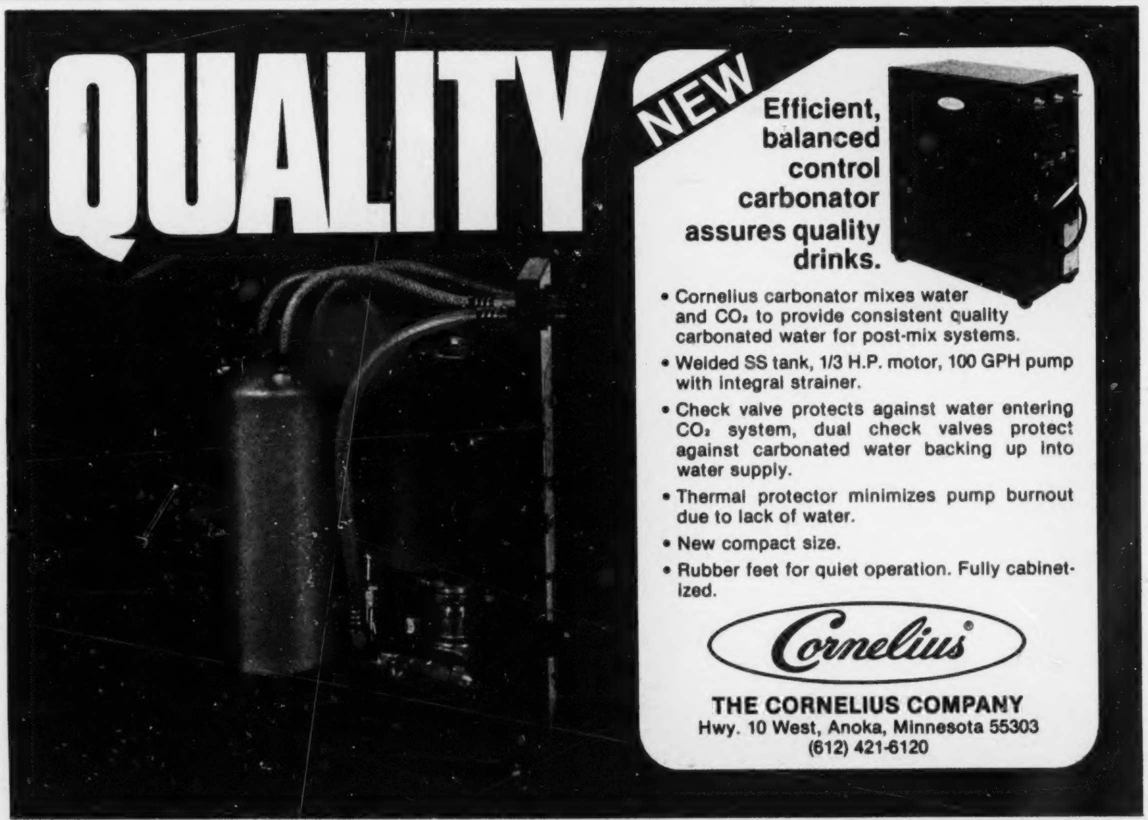
February 1984



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What bottlers need in casers, uncasers

Speed and efficiency sought by bottlers

EXCLUSIVE REPORT—Based upon an extensive survey of major beverage industry suppliers of casers and uncasers, the industry is experiencing the following trends:

- PET: Higher speed units that offer more automatic control and better operating machine efficiency;
- Cans: Units that offer higher speeds and greater operating efficiency are being sought by bottlers;
- Glass: Higher speed machinery is needed by some bottlers. But units that handle this type of container are not being sought by customers. The reason? Many bottlers are making the switch to other containers.

This is the second of 12 trend reports that **Beverage Industry** will publish this year. This report is compiled from personal interviews and survey forms received from nearly every major caser/uncaser supplier in the United States. Traditionally, **BI** has surveyed customers to determine their needs and requirements. This year, however, **BI** asked top executives in major supplier firms for their observations in the industry.

Efficiency, then speed

Although machinery speed was an important consideration by suppliers, it was not the primary factor. Greater operating efficiency was the most important element rated by executives. An even 100% of those executives responding to **BI's** study reported that greater efficiency in operation was important to them. The most critical problem regarding casers/uncasers, according to the survey, is the amount of down time. Fifty percent of the respondents believe that down time is a major problem.

Faster speed was the next highest advance of casers/uncasers, according to the tabulations. Seventy-five percent of the respondents report that speed is very important. The third most important factor was more automatic action, receiving 58% of the executives' consideration.

Advanced controls/monitoring systems and greater flexiblity received were rated equally by the respondents with 41%. The least favorite factor that executives considered as being very important was energy efficiency with only 8%.

Insufficient speed and lack of flexibility were considered to be major problems by 33% of the respondents with quality of construction rated as a major problem by 25% of the surveyed. Meanwhile, 75% of the respondents said that energy/power consumption was "not much of a problem."

Speed requirements

Many of the manufacturers responding to the survey said that speed is a top requisite for their customers. A spokesman for A-B-C Packaging Machinery Corp. reported, "There is a tendency toward smaller machines

How suppliers rate significance of caser/uncaser advances for the beverage industries

Advances	Very important	Somewhat important	Not too important
Faster Speed	75%	17%	8%
Greater flexibility in operation	41%	50%	9%
More automatic action	58%	25%	17%
Advanced controls or monitoring systems	41%	42%	17%
Greater efficiency in operation	100%	—	—
More energy efficient	8%	17%	75%

Source: SRCH, Research Center for Beverage Industry

Copyright: Beverage Industry
February 1984

"After International convinced us their 2375 tractor was the most fuel-efficient truck on the road, we didn't buy one...

...we bought over a hundred."

Irwin Rashkover
VP Purchasing and Maintenance
National Freight, Inc.
Vineland, New Jersey

NATIONAL
FREIGHT, INC.

that have greater speed capabilities—casers and uncasers that can pack or unpack different types of cases as new case styles become available." The company is receiving good results of its newest caser. Called "Blitzpak," the unit can function as a caser or uncaser and features positive handling with no-drop placement and PCL controls.

R.A. Jones & Co. Inc. officials report that 80 cases per minute will be "required with gentle handling to reduce glass bottle abrasion and damage." Executives point out that their customers are searching for speed, simplicity, durability and reliability. The Cincinnati firm offers its customers the CMP-II caser. The new unit offers a high speed and lower cost than the old model. It also offers easy changeover from boxboard to corrugated. Meanwhile, the company also features the HSU uncaser that is quiet, offers continuous motion, high speeds and quick changeovers.

Dacam Corp. spokesmen reported that "faster, more reliable, easier changeover" units are what their customers need. The company's TP-3 Traypacker is a well-proven and simple operation, according to company spokesmen.

Industrial Automation Corp. executives said that higher speed and "the ability to uncase both glass NR and returnables and PET on the same unit" is a characteristic their customers require. According to company spokesmen, quick and easy changeover; half- and full-depth capability in one unit; and all stainless steel construction are vital specifications requested by customers.

"Machinery that will protect the integrity of their product" is how executives from the Lodge & Shipley Co., Climax Products Division described the requirements of their customers. The company offers new casers and uncasers. The C.C.P. continuous rotary casepacker is a high-speed unit with low-speed conveyors.

Officials of Wayne Automation Corp. concur with the aforementioned statement. That is one reason why their new casepacker automatically clears a fallen container without an attendant. The new unit also eliminated the three-bottle jam and lengthy changeovers.

Meanwhile, Burton Rice, president of John Burton Machine Corp., said that his firm's customers require machines that offer less noise but high speed single row uncasing and casing. The company has developed a new uncaser that has such features, plus offers low maintenance.

- For more information on **A-B-C Packaging Corp.**, circle no. 167; on **Bottlers Supply & Mfg. Co.**, circle no. 168; on **Buckner Equipment Co.**, circle no. 169; on **Climax Products Div.**, circle no. 170; on **Dacam Corp.**, circle no. 171; on **Hamrick Mfg. & Service, Inc.**, circle no. 172; on **Hartness International**, circle no. 173; on **H.J. Langen & Sons Ltd.**, circle no. 174; on **George J. Meyer Mfg. Co.**, circle no. 175; on **New Way Pkg. Machinery**, circle no. 176; on **Nigrelli Corp.**, circle no. 177; on **Pak-Master Mfg. Co.**, circle no. 178; on **R.A. Pearson Co.**, circle no. 179; on **Pneumatic Scale Corp.**, circle no. 180; on **Ram Machinery Corp.**, circle no. 181; on **Simplimatic Engineering Co.**, circle no. 182; on **Standard Knapp Inc.**, circle no. 183; on **Vickers Miller Hydro**, circle no. 184; on **Wayne Automation Corp.**, circle no. 185; on **Wild & Schulze Inc.**, circle no. 186; on **Lodge & Shipley Co., circle no. 187; on John Burton Machine Corp.**, circle no. 188. ☐

How suppliers rate significance of problems beverage industries encounter with caser/uncasers

Problems	Major problem	Somewhat a problem	Not much of a problem	No problem at all
Insufficient Speed	33%	50%	17%	—
Lack of flexibility	33%	58%	9%	—
Availability of spare parts	17%	25%	58%	—
Energy/power consumption	—	8%	75%	17%
Cost	17%	50%	33%	—
Quality of construction	25%	67%	—	8%
Down Time	50%	42%	8%	—

Source: SRCH, Research Center for Beverage Industry

Copyright: Beverage Industry February 1984

Irwin Rashkover expresses his confidence in International Trucks during a conversation with our National Customer Advisor, John Unitas.

JOHN: Being in the trucking business myself, Irwin, I realize that investing in a hundred Internationals is a very strong commitment on your company's part.

IRWIN: It sure is, John. But remember we're a large trucking company with over thirty years experience in hauling freight throughout the United States. So we know what we're doing.

JOHN: Why choose the International 2375?

IRWIN: Lots of reasons. The most important is what International calls LCO. As you know John, that stands for Lowest Cost of Ownership. Leo Schofield, International's Regional VP, and his sales people brought a computer to our office. They sat down with us at a terminal, and through one of their "FOCUS" programs, entered in facts like operating cost, price of trucks, service life and fuel consumption. In a few minutes they showed that if our 2375's travel an average of 100,000 miles per year, we'll save as much as $596,000 over a twelve month period. I can't imagine any fleet owner, large or small, not being impressed by this demonstration.

JOHN: Any other reasons you bought International?

IRWIN: The IH service and parts support. International has the largest family of heavy truck dealers in the nation. And they have the largest parts inventory in the business. Their system is computerized so that if our trucks need service parts, International will give us fast nationwide assistance and uniform competitive parts pricing through their exclusive Fleet Leader Network.

JOHN: Well, a great strength of International's service and parts support is that their nationwide family of dealers really works together.

IRWIN: From what I've read, all this has helped International's terrific growth in sales over the past year.

JOHN: In fact, International's market share grew more than 12% in 1983.* International is growing and so are you.

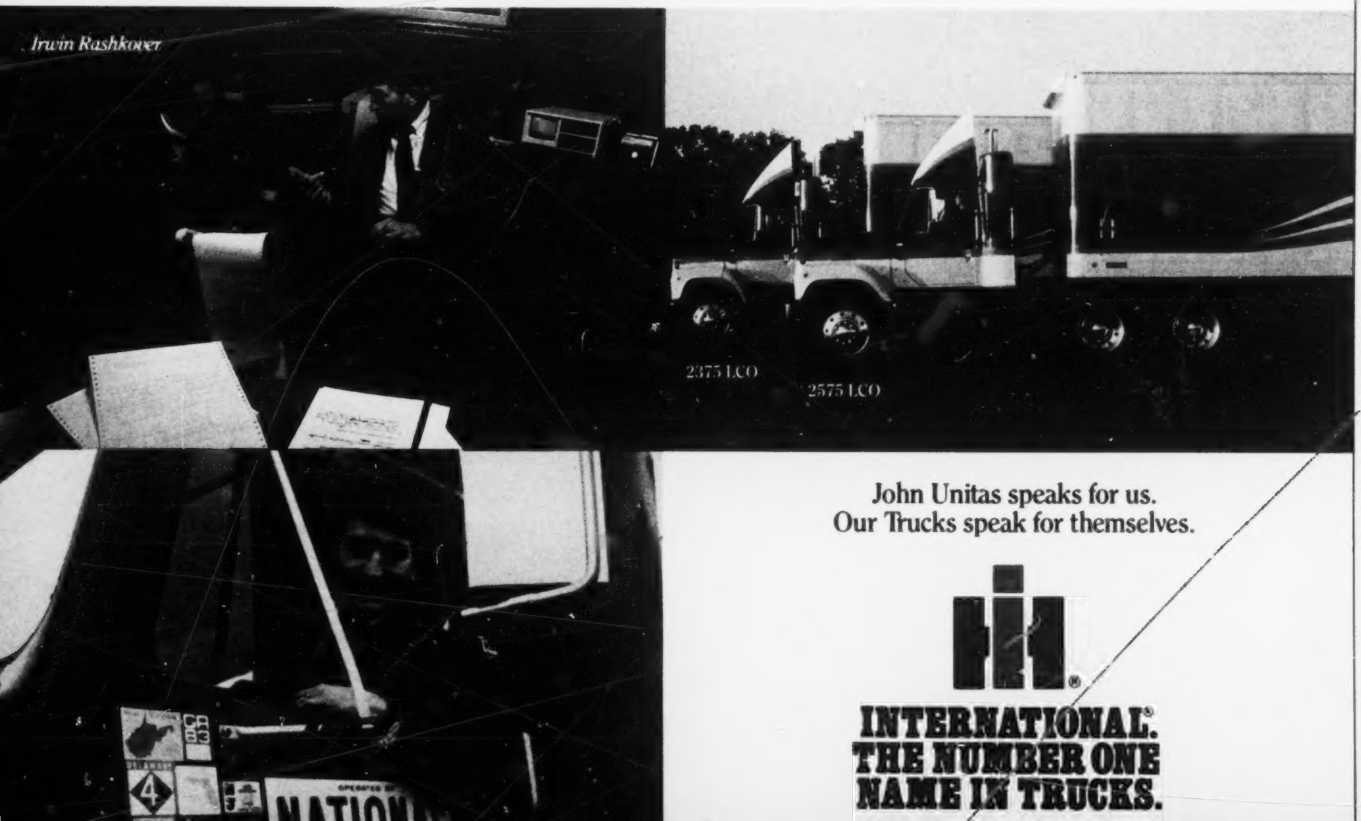
IRWIN: And we plan to keep growing.

JOHN: So you're confident you made the right decision in buying Internationals?

IRWIN: John, if we weren't, we wouldn't have bought a hundred Internationals. In fact, we wouldn't even have bought one!

*R.L. Polk—New Vehicle Registrations, 9/83

To find out how the new International LCO family of trucks, including the new fuel-efficient 2575 can lower your cost of ownership, write John Unitas, c/o International Trucks, 401 North Michigan Avenue, Chicago, Illinois 60611.



John Unitas speaks for us.
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Efficiency, speed top buyers' needs

(Continued from page 44)

sponding wine producers believe that advanced controls or monitoring systems are not too important. Nearly every beverage firm, however, asserts that greater machine efficiency is very important. Energy efficiency rates a very important nod from only 31% and 30% of juice and wine companies, respectively.

Sixty-one percent of the soft drink makers report that more energy efficiency is a very important requirement to them in purchasing capital equipment; 34% of such companies consider energy efficient equipment "somewhat" important. A great majority of responding brewers regard energy efficiency an asset also. Forty-seven percent of the beer firms say that more energy efficient machinery are very important to them while 35% of the brewers report more energy efficiency is a "somewhat" important consideration in their equipment purchasing plans.

Breakdowns important

Machinery breakdowns are a major concern for wine producers; 40% responded that quality of construction is a major problem for them. But significant machinery problems regarding the quality of a unit's construction was not considered much of a problem by most of the other beverage companies. Meanwhile, 21% of non-carbonated liquid beverage firms said that quality of construction was no problem at all.

Thirty-one percent of malt beverage companies reported that machinery delivery time is a major problem while 67% of the responding wine producers consider delivery time "somewhat" of a problem.

"Inconvenience" is an appropriate word to describe how soft drink companies feel about machinery delivery time. Forty-three percent of the firms responding to the study report that delivery time is "somewhat" of a problem while 35% say that it is "not much" of a problem. But, 19% of the soft drink executives believe that machine delivery time is a major problem.

Insufficient machine speed is a major problem for 33% of powder drink producers, but only 7% of non-carbonated liquid beverage companies consider insufficient machine speed a major problem. Fifty-six percent and 50% of bottled water and carbonated beverage firms consider insufficient machine speed "somewhat" of a problem. Meanwhile, 67% of malt beverage companies consider lack of machine flexibility "somewhat" of a problem.

Thirty-eight percent of brewers feel that the lack of spare parts is a major problem while 31% of the beer producers consider the unavailability of parts to be "somewhat" of a problem. Soft drink executives, meanwhile, apparently do not feel too bothered by the issue. Only 28% of soft drink companies perceive the matter to be a major problem. Thirty-one percent of the responding companies say the lack of spare parts is "somewhat" of a problem or "not much" of a problem at all.

A huge 70% of responding wine producers believe a major problem is the availability of machine spare parts. On the other hand, only 12% of bottled water producers consider availability of spare parts a major problem.

Thirty-six percent of non-carbonated liquid beverage companies believe that

(Continued on page 54)

Influential equipment considerations

	Total	Carbonated beverages	Non-carbonated liquid beverages	Powders	Wine	Malt beverages	Bottled water	Juices
Base:	(166)	(78)	(14)	(6)	(18)	(19)	(12)	(19)
Faster Speed								
Very important	43%	46%	21%	50%	30%	75%	44%	23%
Somewhat important	48	43	71	33	60	13	44	77
Not too important	6	8	*	17	10	6	*	*
Not at all important	3	3	7	*	*	6	11	*
Greater flexibility								
Very important	47%	53%	46%	17%	47%	47%	33%	50%
Somewhat important	39	39	38	50	41	41	33	33
Not too important	14	8	16	33	12	12	33	17
Not at all important	*	*	*	*	*	*	*	*
More automatic action								
Very important	38%	35%	36%	50%	40%	33%	44%	38%
Somewhat important	48	51	50	33	30	53	44	54
Not too important	14	14	14	17	30	14	12	8
Not at all important	*	*	*	*	*	*	*	*
Advanced controls or monitoring systems								
Very important	38%	35%	38%	33%	30%	47%	33%	42%
Somewhat important	39	49	31	50	30	41	22	33
Not too important	17	14	15	*	40	12	33	17
Not at all important	6	3	15	17	*	*	11	8
Greater efficiency								
Very important	86%	89%	93%	83%	70%	82%	67%	92%
Somewhat important	11	8	*	17	30	12	23	8
Not too important	3	3	7	*	*	6	10	*
Not at all important	*	*	*	*	*	*	*	*
More energy efficient								
Very important	51%	61%	57%	50%	30%	47%	55%	31%
Somewhat important	36	34	36	17	40	35	34	54
Not too important	10	3	7	33	20	18	11	8
Not at all important	3	2	*	*	10	*	*	7

*Under 5%
Totals may not equal 100 due to rounding
Source: SRCH Statistical Research Center for Beverage Industry

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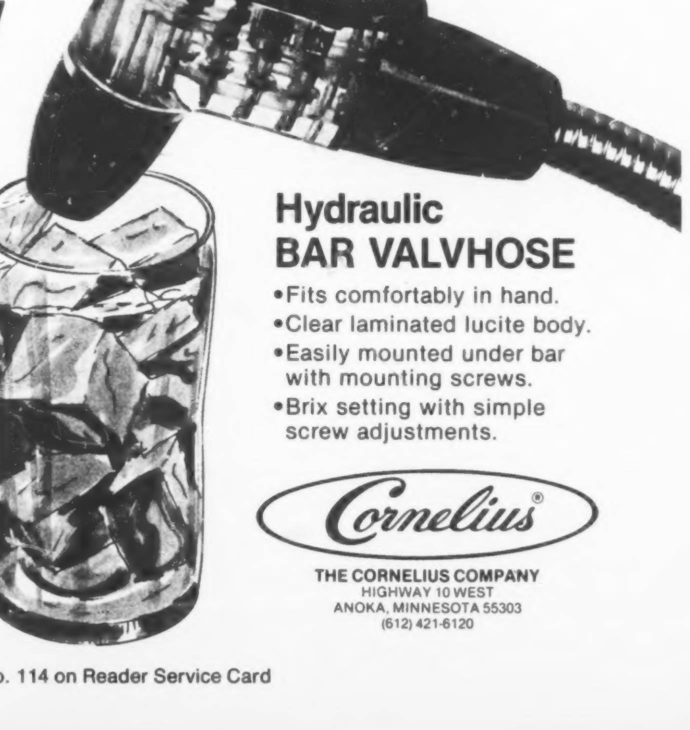

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Aspartame breakdown under study

(Continued from page 1)

Arizona's health department began its testing after a study was submitted alleging that storage of aspartame-sweetened soft drinks in hot temperatures could lead to a dangerous breakdown in the composition of the sweetener, according to published accounts. The study reveals that when aspartame-sweetened soft drinks are stored in temperatures of 86 degrees for "six or seven weeks," reports say, enough methyl alcohol is produced to exceed Environmental Protection Agency requirements.

Searle spokesmen denied that aspartame causes any serious problems. Company officials do not dispute the analysis that aspartame breaks down. But they contend the sweetener is safe. ☐

Feds propose minimum drinking age be 21

(Continued from page 1)

recommendation report, the White House stated that "while we strongly support the recommendation that the states adopt the 21-year limit, we do not think the federal government should impose this requirement."

Florio was "incensed and deeply disappointed by the President's position." He contends that drunk driving is a national issue and "if we are to save lives, then we need this national legislation.

"If uniformity can be attained by means other than direct federal legislation, I will be the first to applaud the result," he said. "In the meantime, we cannot afford to take the chance."

Uniformity essential

The commission agreed that the "lack of uniformity among state laws is especially critical regarding the minimum legal drinking age because an incentive to drink and drive is established due to young persons commuting to border states where the drinking age is lower."

The panel also recommended:

1) Public and private sector education and awareness campaigns;

2) Improved enforcement against drunk drivers, including the elimination of plea bargaining and mandatory legal sanctions for first offenders with more severe penalties for subsequent violation;

3) Improved reporting systems so drunk driving records can be placed in computers of state enforcement and licensing agencies;

4) Adoption of "implied consent" laws in which licensed drivers are deemed to have given consent to urine, blood and breath tests to determine the presence of alcohol or drugs. Refusal to take the tests could lead to license suspension and be considered as evidence of guilt during a DUI (driving under the influence) trial.

USBA President Donald Shea said that while brewers take "no position on any legal drinking age," they do support in principle the overall report which "serves as a good blueprint." ☐

BI study: Speed, efficiency top buyers' requirements

(Continued from page 51)

energy/power consumption is a major problem. But 67% of powder drink producers consider the category not much of a problem. Thirty percent of wine producers believe that vendor service is a major problem while 10% of winemakers consider vendor service no problem at all.

Cost of machinery appeared to weigh heavily upon the minds of most of the responding beverage producers. Sixty-nine percent of juice makers consider high machinery cost "somewhat" of a problem while 58% of the non-carbonated liquid beverage makers and malt beverage producers believe the same. Sixty-seven percent of the powder drink makers, meanwhile, report that cost of machinery is "not much" of a problem.

The cost of machinery is considered to be "somewhat" of a problem by 50% of the soft drink execs. But 25% of them believe the problem to be grave.

With the passing into the new year, it is evident that many beverage executives perceive the problems of a poor economy to be in the past. With a renewed optimism many beverage firms are now taking full stock of their future projects and realize that the only way to prepare for the future is to spend for it. ☐

Expected maximum investment return on capital equipment

	Total	Carbonated beverages	Non-carbonated liquid beverages	Powders	Wine	Malt beverages	Bottled water	Juices
Base:	(118)	60	15	(4)	(8)	(14)	(7)	(10)
1 Year	1%	*%	*%	*%	*%	7%	*%	0%
2 Years	38	30	33	50	24	43	56	30
3 Years	36	47	33	50	63	21	*	40
4 Years	10	7	12	*	13	*	15	20
5 Years	12	10	22	*	*	29	15	10
More than 5 years	3	6	0	*	*	*	14	0
Factors affecting return on investment								
Base:	(118)	(61)	(12)	(5)	(8)	(14)	(7)	(11)
Labor Savings	30%	29%	10%	20%	75%	29%	29%	18%
Improved through-put per machine efficiency	27	29	10	10	63	29	29	9
Combination of above two	78	74	90	100	63	71	57	82
Other	13	16	10	0	13	21	14	18

*Under 5%
Totals may exceed due to multiple responses
Source: SRCH Statistical Reseach Center for **Beverage Industry**

Copyright: Beverage Industry
February 1984

THE PUMP THAT'S DESIGNED TO BREAK DOWN

M-D LOBE LINE

Beverage Processors want a sanitary pump that can be cleaned in place automatically or easily disassembled and cleaned manually. A pump with wetted parts of 316 stainless steel. They want the new Lobe Line Stainless Steel Pump from M-D Pneumatics.

To gain access to its pumping chamber, simply remove the pump's front cover. No need to dismantle pipework to and from the pump.

Computer generated rotor profiles assure high volume performance with low shear pumping action.

M-D pneumatics inc.

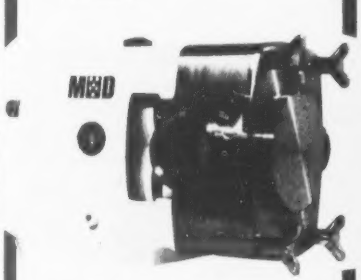
4840 W. Kearney St., Springfield, MO 65803
(417) 865-8715 TWX 910-775-4704

Non-meshing rotors permit pumps to run dry without damage. Rotor clearances are adjustable without pump disassembly.

Helical timing gears are isolated in a cast iron housing for resistance to C.I.P. chemicals and to prevent contamination of product with gear lubricant. Mechanical seals are standard.

Interchangeable parts reduce downtime and maintenance costs.

Available with port sizes from one to six inches, capacities to nearly 1,000 gpm (3,720 Lpm), and pressures to 150 PSIG (10 bar).



The new Lobe Line Stainless Steel Pump from M-D Pneumatics. Breaks down easily, cleans up fast!

M-D offers a complete line of rotary positive blowers and pumps.

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on Reader Service Card

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

MARCH 1984

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

AN HBJ PUBLICATION

Free color TV for two-month display

Discounting costs industry $2.75 bil.

by Paul E. Mullins

SPECIAL REPORT—Discounting in the soft drink industry over the past two years may have cost the industry in excess of $2.75 billion in sales.

And that may just be the tip of the iceberg. It doesn't include the thousands of dollars spent on color TVs, teeshirts, free vacations and other freebees that have been given away to preserve end aisle displays, special positions, or for feature ads.

Until now, no one has attempted to put a price tag on discounting. During the years 1977 through 1982, the wholesale price of soft drinks increased an average of 9.25% per year. In 1982, they increased only 3% and are projected to jump only 3.2% in 1983.

(Continued on page 15)

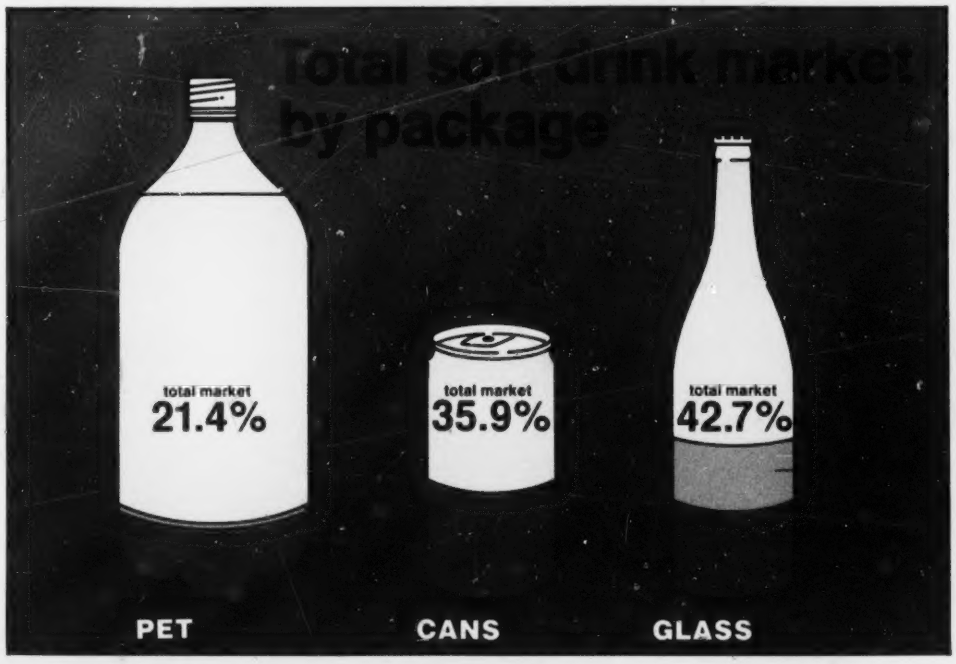
BI Now Package

Mead Packaging, Atlanta, introduces this innovative 2-L PET four-pack carrier that the company reports offers customer convenience and increased sales. See page 43.

BI Report

- **New .5-L PET container is under development and could be tested by a major franchise firm within weeks. The container, a co-extrusion of PET inside and Acrylonitrile exterior reportedly doubles the shelf life of existing .5-L PET. The entire project has been kept very hush-hush by both developer and user. Also considered a deep secret is the type of closure to be used on the container.**
- **A&W continues to chart new ground in advertising. One of the firm's TV commercials for '84 features two lumberjacks in**

(Continued on page 79)



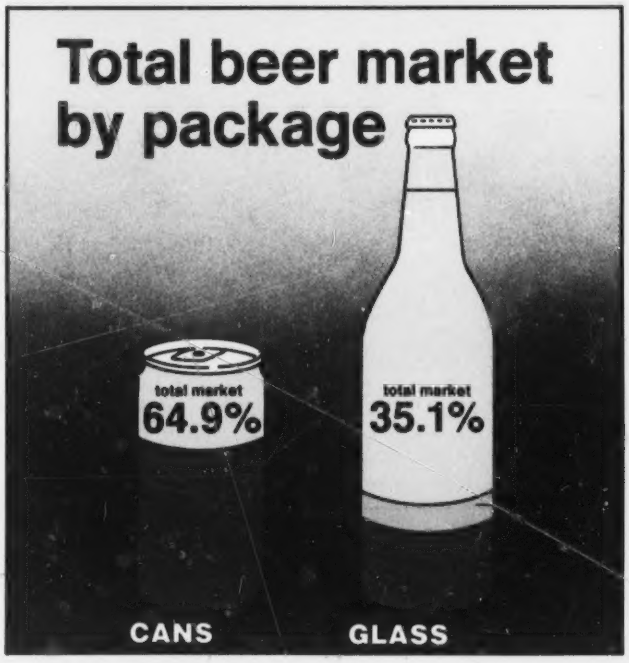
Primary containers show 3.2% gain for SD's in '83

by Gary A. Hemphill

SPECIAL REPORT—Reflecting projections that soft drink and beer volume showed increases in 1983, total packaged volume was up 3.2% for soft drinks and up .5% for beer.

According to just-announced figures from Prescott, Ball and Turben market analyst Arthur M. Stupay, cans were up 6.8% to 28 billion units and PET was up 9% to 16.6 billion for the soft drink industry. Glass container shipments were off 3.3% in NR to 11.5 billion and 1.8% in R to 21.7 billion. In beer, cans were up 4.7% to 33.2 billion and NR glass was down 6.3% at 14.9 billion while R glass dropped 6.2% to 3 billion.

(Continued on page 32)



Selling your business, Part I

First, get the business in order

by Ugo F. Ippolito, Ugo F. Ippolito, Incorporated

ATLANTA—Once the decision to sell has been made, the first order of business is to get the business ready to be sold.

Before charging ahead, if multiple owners are involved, make certain that the others are agreeable to a sale and are in agreement as to who has the authority to negotiate a sale price. Preferably the commitment should always be in writing.

You do not want to be marketing the company or negotiating a price and then discover that the other shareholders are not in accord with the arrangements you have made.

Businesses are sold on the basis of projected future profits and cash flow. Thus, the most significant documents in determining the

(Continued on page 24)

New BI series:

This series is written by Ugo F Ippolito, who has participated in over 15 purchases of bottling companies, including the NY Coke leveraged buyout. He was formerly an attorney and assistant secretary of The Coca-Cola Co. and general counsel and secretary of The Wine Spectrum.

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Beverage Industry
AN HBJ PUBLICATION

No reaction to TV segment

First Camera lays egg with container expose

by Paul E. Mullins

Commentary—Maybe consumers are tired of the news media's constant attempts to create crisis out of nothingness, maybe they've also become more educated about what is and what is not a valid story about a valid concern.

Whatever, the February 5 NBC First Camera segment on exploding soft drink bottles and missiling containers evidently laid a big fat egg. Although virtually every franchise firm, NSDA, and several industry suppliers had planned to gird themselves for a massive number of phone calls following the telecast, that was obviously not the case.

The immediate results of the telecast appear to be:

- First Camera, the TV industry's lowest-rated program, may have upped its audience on a one-shot basis due to the increased number of soft drink and supplier executives who tuned in.
- George J. Green, Jr., a Houston-based engineer who specializes as a consultant in product liability suits, will probably receive more inquiries and more witness fees to testify in additional lawsuits.

Although none of the industry groups received telephone inquiries, NBC did.

(Continued on page 21)

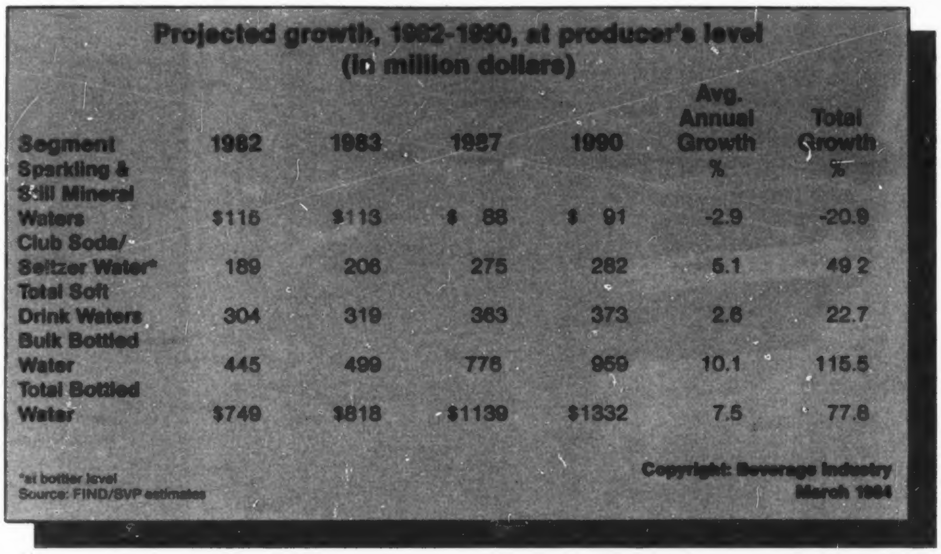
Coke OK's 75% HFCS; Pepsi weighs options

Atlanta—Coca-Cola USA has authorized new blends of up to 75% HFCS and sucrose for bottled and canned products. The move would substantially reduce ingredient costs for Coke.

Pepsi-Cola says it will have no immediate reaction. A spokesman for Pepsi told **Beverage Industry** that the firm was "still weighing its options and would not increase the 50% levels in its products until it was assured there would be no detrimental affect on the product's taste."

RC announced 75% ap-

(Continued on page 14)



Projected growth, 1982-1990, at producer's level
(in million dollars)

Segment	1982	1983	1987	1990	Avg. Annual Growth %	Total Growth %
Sparkling & Still Mineral Waters	$116	$113	$ 88	$ 91	-2.9	-20.9
Club Soda/ Seltzer Water*	189	206	275	282	5.1	49 2
Total Soft Drink Waters	304	319	363	373	2.6	22.7
Bulk Bottled Water	445	499	776	959	10.1	115.5
Total Bottled Water	$749	$818	$1139	$1332	7.5	77.8

*at bottler level
Source: FIND/SVP estimates

Copyright: Beverage Industry
March 1984

Study: bottled water sales to reach $1.7 billion by '90

New York—The U.S. bottled water market will almost double from approximately $944 million in retail sales to approximately $1.745 billion in 1990, according to a study from FIND/SVP, a market research firm located here.

Information for the study was obtained through field and telephone interviews of key industry personnel, producers, trade associations, and distributors. Secondary research includes a review of trade and consumer magazines, government sources, and published financial information of major market participants. In-depth interviews with high-level executives in the industry were conducted in order to obtain additional insight.

Meanwhile, a survey of retailers around the country was also carried out to assess purchasing patterns and pricing trends. Field research included canvassing distributors on the east and west coasts.

Analysts report that the industry underwent moderate growth during 1983 but is expected to grow at an annual eight percent clip through 1990.

The report breaks the water market down into two basic segments: soft drink waters and bulk waters. The report includes domestic and imported sparkling mineral waters, still mineral waters, sparkling waters, club soda and seltzer into its soft drink waters category. Spring water, filtered artesian well waters with added minerals, and purified municipal water are included in the bulk water segment.

The soft drink water segment is expected to have 22.7% growth rate by 1990 with sales reaching $373 million. This segment, according to the study, is projected to experience an annual growth rate of only 2.6%.

Perrier, with an estimated market share of 41%, contin-

(Continued on page 22)

Major winery intros four brands in O-I's new, large-capacity PET

San Francisco—Guild Wineries and Distilleries, based here, has introduced four of its Vintner's Choice wines in Owens-Illinois' 3-L and 4-L PET bottles.

This makes it the first "major" U.S. wine producer to test consumer acceptance of wine packaged in large-capacity plastic packaging, according to Owens-Illinois, manufacturer of the bottle. Guild, which produces over a dozen California wines, chose four of its brands—Vintner's Choice Valley Chablis, Valley Burgundy, Valley Vin Rose and Rhine Wine—to test the packaging in 12 states. Success of these four brands may lead to additional conversions.

Success of these four brands in PET may lead to additional conversions of other Guild Wines.

The resealable Georgia-green bottles are stock containers manufactured of oriented PET by O-I's Plastic Products Div. plant in Fairfield, CA. The plant, located adjacent to Northern California's wine producing region, also offers emerald-green PET wine bottles.

The bottles are manufactured with PET from Eastman Chemicals and Goodyear.

They're recyclable and have Alcoa 38 mm roll-on finishes for easy-opening, pouring and resealing. The 3-L size weighs 102 grams (3.6 oz.), compared to 38 oz. for an equivalent glass container. The 4-L size weighs 129

(Continued on page 14)

Trend: no-frills packaging

Secondary packages going more generic

Special Report—While few new secondary packaging developments entered the market in 1983, industry suppliers have begun to fret over an economy move by bottlers toward more generic, inexpensive packaging.

Says one supplier, "70 to 80% of soft drinks sold today are based on price and we feel the effect in the packaging industry. There are a lot of accounting people running departments previously operated by marketing people." The result is a trend toward no-frills secondary packaging in the soft drink industry.

Suppliers agree it's not the same with beer. Brewers have always segmented their brands, often utilizing first class packaging with sharp graphics and innovative design for their premium and super-premium brands. They've also maintained their pricing levels.

Emphasis: advertising

The move to low cost secondary packaging is part of the day to day struggle to be low-cost producers. The use

(Continued on page 36)

Features

1 **How to sell your plant**
Ugo Ippolito, a renowned counselor in the industry, begins an important series on how bottlers can sell their plants to prospective buyers. Ippolito has handled more than 15 transactions in the beverage industry within the last seven years.

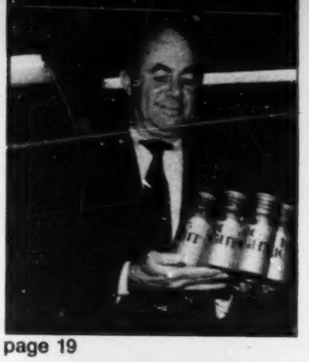
1 **Primary containers have small increase**
A top analyst tells **BI** that cans were up 6.8% while PET showed a 9% increase for the soft drink industry. Glass containers, meanwhile, experienced slight decreases in '83.

4 **Secondary packaging features no-frills**
Industry suppliers are worrying over an economic move by bottlers toward more generic and inexpensive packaging. The obvious result is no-frills secondary packaging is making more of a play in the industry.

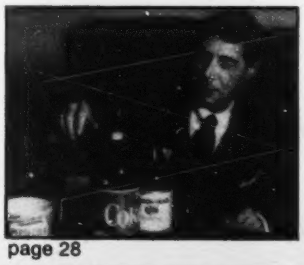
19 **Brewer lauds Hi-Cone 12-pack**
Management officials of the Pittsburgh Brewing Company, the nation's 10th largest brewer, cite the unique qualities of the Hi-Cone 12-pack as a key ingredient in the firm's marketing strategy in the Western Pennsylvania region.

28 **What makes TriCoast tick?**
C. Malcolm Cooper, the president and chief executive officer, tells **BI** how his newly-formed company is doing and what markets his firm is concentrating on in its early years of existence.

52 **Distilled spirits dip to 1.6%**
As expected the distilled spirits industry dropped, reports John Maxwell, **BI**'s director of research statistics. The slide, however, was less than the dip in 1982's sales.



page 19



page 28

Departments

Reader Service 7
Plant Security 18
Trucks 34
NOW Package 43
New Literature 59
New Products 60
Beverage Indicators 63
Newsmakers 67
Supply House 69
Classified 73
Ad Index 78
Editorial 80

Soundoff

Beware of hemorrhoids in Mongolian lizards

"... there isn't much else to remove from a soft drink. In the case of seltzer, we are already down to highly purified water and carbonation. Actually some consideration has already been given to reducing the level of carbonation in some soft drinks to produce a different mouth feel and taste—so there may be such products in the future.

Then too, perhaps I shouldn't be so unconcerned about carbon dioxide. Even though you and I continually exhale CO_2, who's to say that some university researcher won't associate CO_2 with hemorrhoids in Mongolian lizards with the resulting activist demand for a ban. In that case, we could go all the way to the ultimate and produce distilled water. But that would suffice only until someone pointed out that water contains hydrogen, a very dangerous gas."

Dr. Howard Roberts
NSDA vp—science & technology
at the IFT annual conference.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc. a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices. Copyright © 1984 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.
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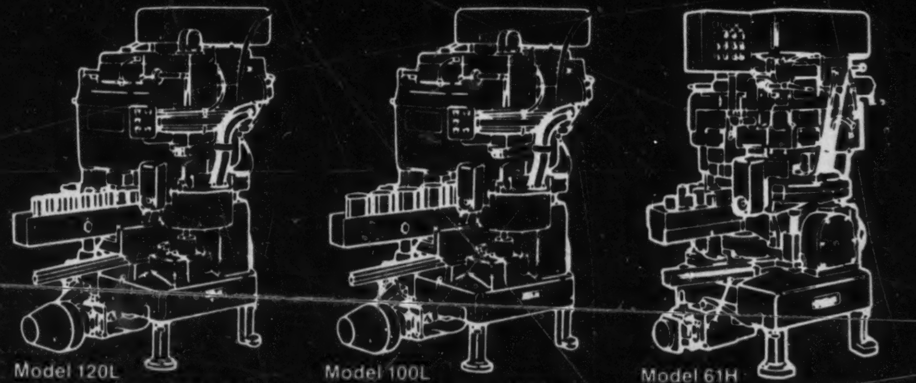

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Speed, simplicity top priority for coders/imprinters/labelers

Exclusive—Based upon a study of major suppliers to the beverage industry of labelers/coders/imprinters, the following purchasing trends are being experienced by the industry:

- Coders/Imprinters: Machinery that matches a beverage producer's line speed is a requirement that many customers are demanding from manufacturers;
- Labelers: There appears to be an increase in sales of pressure-sensitive equipment because of the increased demand of PET by bottlers.

This trend report, the third of 12 which **Beverage Industry** will publish this year on major categories of equipment purchases, is compiled from personal interviews and survey forms from every major supplier in the category. In the past, **Beverage Industry** had surveyed users to determine their requirements. This year, however, top sales executives for the major firms were questioned to report upon their observations and perceptions.

Based upon the tabulated returns, 80% of the respondents stated that lack of flexibility is "somewhat of a problem" for coders/imprinters. Another 40% of the surveyed executives, meanwhile, replied that downtime created "somewhat of a problem" for their customers.

Interestingly enough, 20% of all respondents stated that insufficient speed; lack of flexibility; clean up; downtime; and cost were "major problems" for their customers. But for 40% of the answering executives, machinery cost and insufficient speed were two factors that were "no problem at all" for their clients, indicating that many company executives are considering modernizing their plants no matter what the cost.

Clean-up

A small factor regarding the purchase of coders/imprinters was "clean up"; 60% of the respondents stated that clean up was "not much of a problem" for them. But apparently it was considered an important enough facet of such units for a majority of companies to contemplate.

Meanwhile, another 40% of the respondents believe that their checkbooks will be opening up quicker than in the past; cost was considered "not much of a problem" for them this fiscal year. Under the same category, another 40% believe that down time will not be a big factor in purchasing coders/imprinters, giving some credence in the belief that many manufacturers are making headway in quality control.

Machine specs

Nearly every manufacturer reported that their customers are searching for coders/imprinters that possess speeds equal to line speeds.

But one respondent, Robert L. Heaney, national sales manager for Dennison Packaging Systems of Cedar Grove, NJ, unequivocally stated that his firm's customers are looking for coders/imprinters that have faster speeds than their current line speeds. Heaney also reported that beverage producers are requiring coder/imprinter operating speed ranges from 800-cpm to 1500-cpm for cans; 400 to 900-bpm for bottles; and 30 to 75-cpm for cases.

Dennison Packaging Systems is offering the new "Accuprint" for large character printing. According to Heaney, the system has no pressure pumps and features variable dot sizes. "This printer," says a company spokesman, "allows customers to produce quality codes on many types of absorbent surfaces, even irregular and soft surfaces."

Meanwhile, company officials feel that the trend for labeling equipment is being geared toward generic soft drink and beer bottles. Officials also believe that approximately 31%-40% of soft drink bottlers and between 10%-20% of brewers have two or more labeling units on line.

Advances

As far as labeling machine advances are concerned, the trends remain accurate: speed, simplicity and durability.

Charles E. Simpson, Jr., vp for American Production Machine Co. of Union City, NJ, is convinced that beverage producers are looking for coders/imprinters with speeds equal to line speeds.

A unique characteristic of the firm's new three-, four- and six-lane units is its complete multi-color system from one source.

Although deposit laws are on the books of several states, company officials believe that such statutes have actually increased the demand for labeling equipment. And like officials from Dennison Packaging Systems, spokesmen feel that labeling equipment for cans possess a

Commissioned for the Pfizer Fine Arts Collection

"marginal potential." The company, meantime, offers customers a mini-line (capable of 500 cans per minute) that features interchangeable print sections for reduced downtime.

Officials of the Bell-Mark Corporation of East Orange, NJ, are finding that their customers are requiring coders/imprinters that match the speeds of their line equipment. But beverage producers are not demanding that coder/imprinter speed ranges be extremely high. Company executives report that their customers need can line speeds from 100- to 300-per-minute; 100-bpm to 300-bpm for bottles; and only 25 to 70 per minute for cases.

How suppliers rate significance of problems beverage producers encounter with coders/imprinters

Problems	Major problem	Somewhat of a problem	Not much of a problem	No problem at all
Insufficient Speed	20%	20%	20%	40%
Lack of Flexibility	20%	80%	–	–
Clean Up	20%	20%	60%	–
Down Time	20%	40%	40%	–
Cost	20%	–	40%	40%

Source: Statistical Research Center (SRCH of HBJ Publications)

Copyright: Beverage Industry, March 1984

The company's new coder/imprinter, 1505 Case Coder, offers a patented cartridge ink system. The unit, says representatives, was designed to use in conjunction with any manual, semiautomatic or automatic carton filling, sealing or conveying equipment.

The firm's new labeling machinery, US-4001, also features a patented cartridge ink system. Officials, meanwhile, note that their beverage customers are looking for labeling units that offer faster labeling speeds than beverage filler speeds.

Executives perceive that 41%-50% of soft drink producers and 51%-60% of brewers, respectively, have two or more labeling machines on line. Beverage producers, state officials, are looking for more cost-effective high-speed printing and labeling systems.

Unlike officials from American Production Machine Co., Bell-Mark executives feel that state deposit laws have not affected demand for labeling equipment while believing that can labeling units have "moderate potential" for the industry.

Labelers

Executives of Jagenberg Inc. of Enfield, CT, report that their customers are looking at labelers for both generic soft drink and beer bottles. Although believing that various deposit laws have "increased demand" for labelers, officials maintain that their customers are requiring machinery with faster labeling speeds than filler speeds.

Executives report that they feel 51%-60% of soft drink makers and 91%-100% of brewers have two or more labeling units on line. The company, meanwhile, is marketing the new "Solar" labeling unit that features true rotary motion on all machine components.

Although responding that can labeling units possess only "marginal potential" for the beverage industry, executives emphasize that customers require versatility, ease of maintenance and higher speeds in labeling machinery.

Meanwhile, officials of the Labeljet Div. of the Willett Technology Corp. of Fort Worth, TX, claim that their new "Gemini" labeler features "zero" downtime and extraordinarily high speeds of 2,000 labels per minute.

While stating that customers require high accuracy, speed and reliability, clients are also looking for faster labeling speeds than filler speeds.

Company representatives take the view that deposit laws have increased the demand of labeling equipment while believing that the trend of many labelers is for generic soft drink bottles.

Pirzer Inc. officials of New Berlin, WI, say that their new labeler—"Alpha"—is "simpler to upkeep and to work with at higher speeds." Claiming that customers are searching for advanced technology, higher speeds but simpler units, company executives emphasize that they feel their clients require labeler speeds that are faster than filler speeds. Officials also feel that less than 10% of soft drink producers and between 61% and 70% of brewers have more than two labeling units on line.

Meanwhile, deposit legislation is perceived to be increasing the demand for labelers, report officials.

(Continued on page 79)

Only nature has had more experience with citric acid than Pfizer

Making the complex look simple is an art. Here, you see the art of a master engraver who has worked for months with the purest crystal.

His efforts delight the eye. Yet his subject, the orange and the stages in its growth, is greater than he. Oranges are one of nature's own masterpieces, evolved over countless eons. They create and protect, in lovely and fragrant form, that complex compound called Citric Acid.

Exactly how nature produces Citric Acid was long a mystery; the chemistry was too subtle, too sophisticated. But Pfizer was determined to solve that mystery, and set out to find ways to produce bountiful new supplies of Citric Acid through the natural process of fermentation chemistry.

It took us almost a generation of work, but it was done and done well. Today, Pfizer produces more Citric Acid than anyone in the world. Far more. And we have been working on Citric Acid longer than anyone else. With the sole exception of our teacher, Mother Nature herself. Pfizer commissioned this exquisite crystal piece in appreciation of the models she gave us.

Pfizer
CHEMICAL DIVISION

Study: bottled water sales to reach $1.7 billion by '90

(Continued from page 4)

ues to lead the soft drink water category. Although withdrawing itself from the advertising scene in recent years, Perrier will begin to substantially promote to reinforce sales, says the report.

The study continues by stating that it is apparent that there will be "fewer major participants" in the segment in upcoming years, saying that currently there are only five brands that exceed sales of $5 million annually.

The report identified seltzer as a "race horse" in the club soda and seltzer segment. Seltzer's popularity has soared in the past few years because it does not contain salt. It is estimated, says the study, that 80% of seltzer is consumed straight, as an alternative to other beverages. Market analysts project that by 1986, seltzer will be the leader of the soft drink water segment, replacing club soda.

Club soda and seltzer water category size 1979-1982 at Bottler's Level (in million dollars)

Year	$Size	%Growth	$Club soda	$Seltzer
1979	140.00	16.7	120.00	20.00
1980	158.00	12.9	124.00	34.00
1981	173.00	9.5	123.00	50.00
1982	189.00	9.3	121.00	68.00

Source: FIND/SVP Estimates

Copyright: Beverage Industry March 1984

Analysts predict that seltzer will continue to grow to as much as 70% of segment sales by next year. The study reveals that this segment has prevailing annual sales of $206 million. But by 1990 this segment is expected to have sales total $373 million, an annual growth rate of 5.1%. The club soda/seltzer water category, however, is expected to experience total growth of 49.2% through 1990.

Club soda has provided a real boost to the growth of the entire market, says the report. The reason? Large advertising budgets have accomplished moving consumers from all other categories, especially the sparkling, imported segment. The study estimates that 80% of club soda is consumed as a mixer.

Indicating consumer health-consciousness, the report reveals that the bulk bottled water segment is undergoing solid growth. The market is expected to experience an annual growth rate of 10.1% through 1990, with a total projected growth rate of 115.5%, says the report.

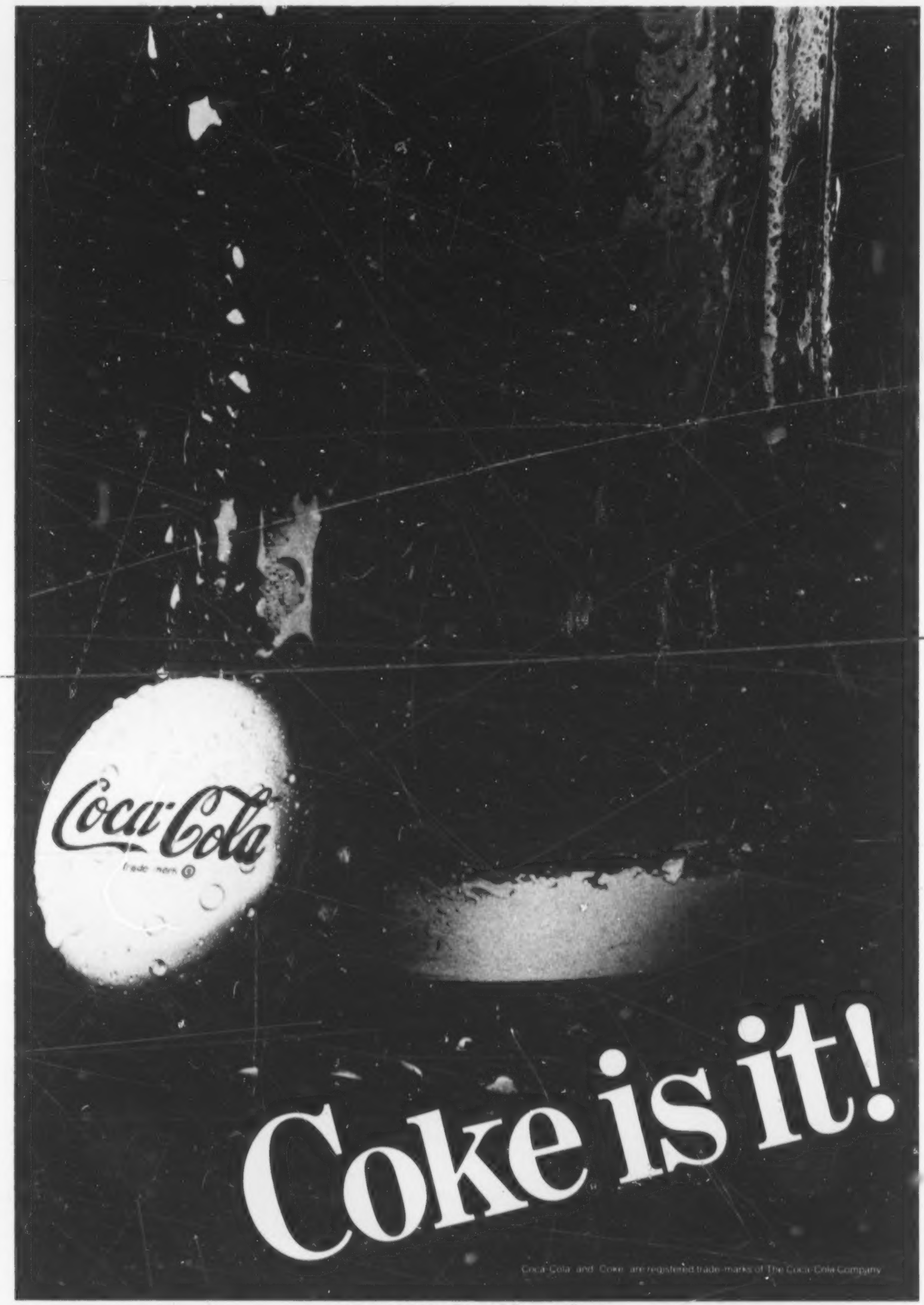
Impressive dollars

These figures translate into impressive dollar amounts also. The report states that by 1987 bulk bottled water producers will have $776 million in annual sales; and by 1990, $959 million in sales. Meanwhile, this segment's producers have reported increases of 15% to 30% per year over the last three years, according to the study. The report anticipates that retail food market sales will continue to contribute to the rapid growth of bulk water. The report acknowledges the fact that route deliveries are experiencing an annual growth rate of 10% to 12% and projects that the residential and commercial sectors will provide the majority of growth.

The final category described in the study, sparkling and still mineral waters, is expected to experience the worst sales trends in the bottled water market. The report projects that by 1990 annual sales will be only $91 million, down from $115 million in 1982. This sales trend, according to the study, translates into a total growth of minus 20.9%.

The study says that this category "matured" during 1981 and sales slid as the heavy user began buying club soda, seltzer and other heavily-promoted brands.

Copies of the study can be ordered by writing: FIND/SVP, Information Products Department, 500 Fifth Avenue, New York City, NY 10110. ☐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Primary containers show 3.2% gain for SD's in '83

(Continued from page 1)

Stupay analyzes the beverage packaging industry in 1983 this way. "Metal cans have recorded better than expected gains, especially in the summer months, helped by favorable weather. The weakness in glass containers, especially in beer and soft drinks, can be traced to the inroads of aluminum cans in mandatory deposit states, due to their favorable recycling economics."

Beer sales by package
(Units: Billions equivalent 12 oz.)

	1982	1983E	1984P
Total beer demand	60.3	61.0	62.0
% packaged	84.2	83.7	83.7
Packaged beer	50.8	51.1	51.9
Cans	31.7	33.2	34.5
% cans	62.4	64.9	66.5
One-way glass	15.9	14.9	14.5
% one-way	31.3	29.2	27.9
Returnable glass	3.2	3.0	2.9
% returnable	6.3	5.9	5.6

Source: Arthur M. Stupay
Prescott, Ball and Turben

Copyright: Beverage Industry
March 1984

PET gains

He adds: "PET . . . mainly in the 2-L size, continues to gain market share in soft drinks, reducing the market for glass. Plastic containers are growing in the .5-L sizes as well, and volume is probably twice the level reached a year ago."

H. Edward Schollmeyer, analyst with Paine Webber Mitchell Hutchins, Inc., anticipates a glass turnaround with profits up in 1984, however. "As the economy recovers, more premium beers are consumed and many of them are packaged in glass. It's as simple as that."

He adds that glass will be in very tight supply because of capacity reduction, particularly with companies that have gone private through leverage buyouts and are now rebuilding. Because of this, there will be more demand on publicly owned companies.

Stupay, however, is not quite as optimistic about glass. "The jury is still out on glass. There will be further capacity reductions, and maybe a flattening of demand in '84 instead of a decline."

Bruce Oman, director of marketing progams for the Glass Packaging Institute, reports single-service, prelabeled glass had an exceptional year.

"Everybody looks at us and says glass just keeps going down, but that's just not true," Oman says. He reports 10-oz. and 16-oz. pre-labeled glass jumped 10.5% in '83, and commands a 21% share of the vending market and 20% share of the convenience store market.

Oman says it's no secret glass is down in supermarkets, but he adds cold bottle markets are doing phenomenal. A lot of this success, he contends, is tied to the Glass Vending Assn.'s programs. He adds many aren't aware of its success in this market because few parent companies and analysts breakdown the market by size categories anymore.

Most analysts are expecting this trend to continue through 1984, although some consider a resurgence from glass a strong possibility since most glass companies have shut down excess capacity. As a result, profit drains from this capacity have been eliminated and the remaining manufacturers should be in a better position to promote and price their packages.

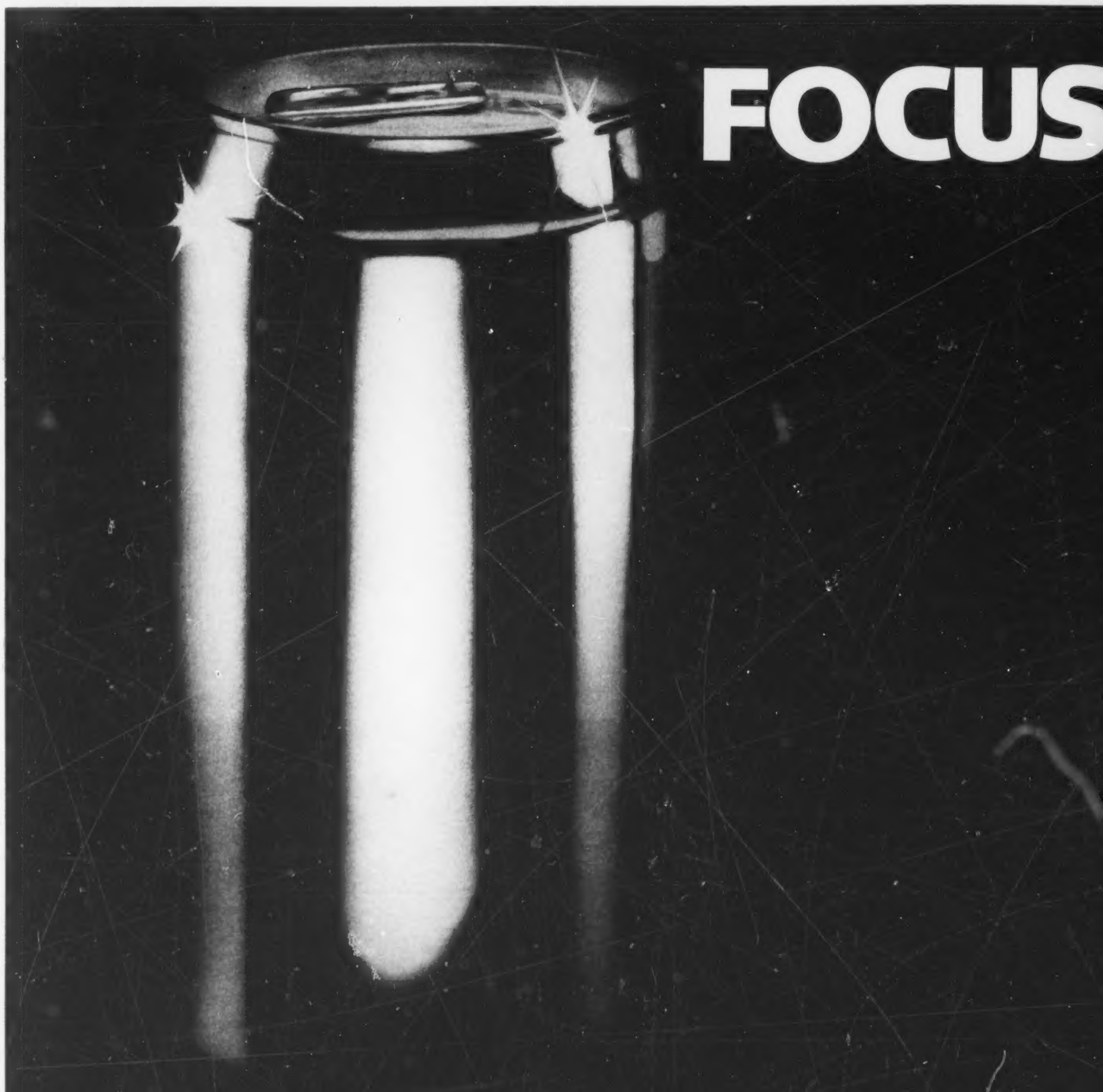
Strong year

But, overall, the strong performance by the soft drink industry in 1983 made it a good year for primary packaging. A Continental Can Co. official estimates that packaged share of total soft drink gallonage at 77%, translating into 76 billion 12-oz. units or a 4% increase over 1983.

In the nine mandatory deposit states in 1983, glass containers were being displaced by PET and cans for several reasons. Glass is prone to breakage, while PET and cans are not, and aluminum's recyclability made cans even more desirable.

In fact, Stupay reports that without mandatory deposit states recycling aluminum cans may not even be a feasible practice. "Recycling needs volume. Without mandatory deposits, it isn't practical," says Stupay.

In addition, bottlers found cans useful for new product



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introductions because of their ability to get into all distribution channels—vending, on-premise, supermarkets and other retail outlets.

Overall, glass reviews for '83 were mixed, but analysts agree PET had a strong year. It was a popular package for soft drinks, but it made inroads in other markets. Test market evaluation of its use with wine and liquor has been ongoing and consumer acceptance has been good. "Plastics, particularly in larger sizes, will increase in these industries," Stupay says.

California wineries are running market tests now on Sewell Plastics' 4-L PET and John Budde, Sewell marketing director, anticipates successful test marketing. "We're in a position to produce quantities of 3-L and 4-L PET now," he says, adding "I think it's going to go a little slow in '84, but it will eventually take off."

Soft drink sales by package

(Units: Billions equivalent 12 oz.)

	1982	1983 E	1984 P
Total SD demand	97.5	101.0	105.0
% packaged	77.3	77.0	76.8
Packaged soft drinks	75.4	77.8	80.6
Cans	26.2	28.0	29.5
% cans	34.7	35.9	36.6
One-way glass	11.9	11.5	11.6
% one-way	15.7	14.8	14.4
Plastics	15.2	16.6	18.5
% plastic	20.3	21.4	23.0
Returnable glass	22.1	21.7	21.0
% returnable	29.3	27.9	26.0

Source: Arthur M. Stupay
Prescott, Ball and Turben

Copyright: Beverage Industry
March 1984

Sewell, based in Atlanta, is also producing a 1.75-L liquor bottle for McCormick, and Budde says other distillers are also expected to go with the 1.75-L PET package this quarter. Others are also producing PET liquor bottles. Sources report Plastipak Packaging has begun production on a 1.75-L bottle for Glenmore Distillers.

Wheaton Plastics, located in Mays Landing, NJ, began production last November of 50-ml PET miniatures for Jim Beam bourbon. Wallis Hoyle, Wheaton product development manager, estimates the miniature market at 225 million units, nearly half of which goes to airlines. Hoyle reports a 40% weight reduction in the PET bottle over glass after filling. He expects 25% of that potential market in PET by the end of this year, and 80% by the end of '85.

In Port Clinton, OH, Aim Packaging is utilizing Kodapak PET clear amber pellets to manufacture 25.4-oz. "Traveler" flasks for National Distillers Products Co. After manufacturing, the flasks are shipped to National's Frankfort, KY, filling plant to be used for Windsor Canadian, Old Crow Bourbon and Vat 69 Gold Scotch. Sources report consumer acceptance has been good.

Half-liter grows

While the bulk of PET in the soft drink market comes in the 2-L size (93.3% in 1982, according to the NSDA), acceptance has grown for the .5-L market, Stupay reports. He estimates 250-300 million were in the market in 1982; 500-600 million in '83. "It may reach a billion this year," he says.

Problems with the .5-L have been numerous. Shelf-life, cost and production capabilities have all slowed its development. Sources report there are 15 machines in the market capable of producing a billion containers a year, and Stupay reports this may be the year the bugs are finally eliminated from production.

In addition, PET specialist Len Ryder says shelf life is no longer considered as important as it once was. "A year ago shelf life in the .5-L was a very emotional subject. You don't hear bottlers talking about it much anymore. Price is a more important issue," says Ryder.

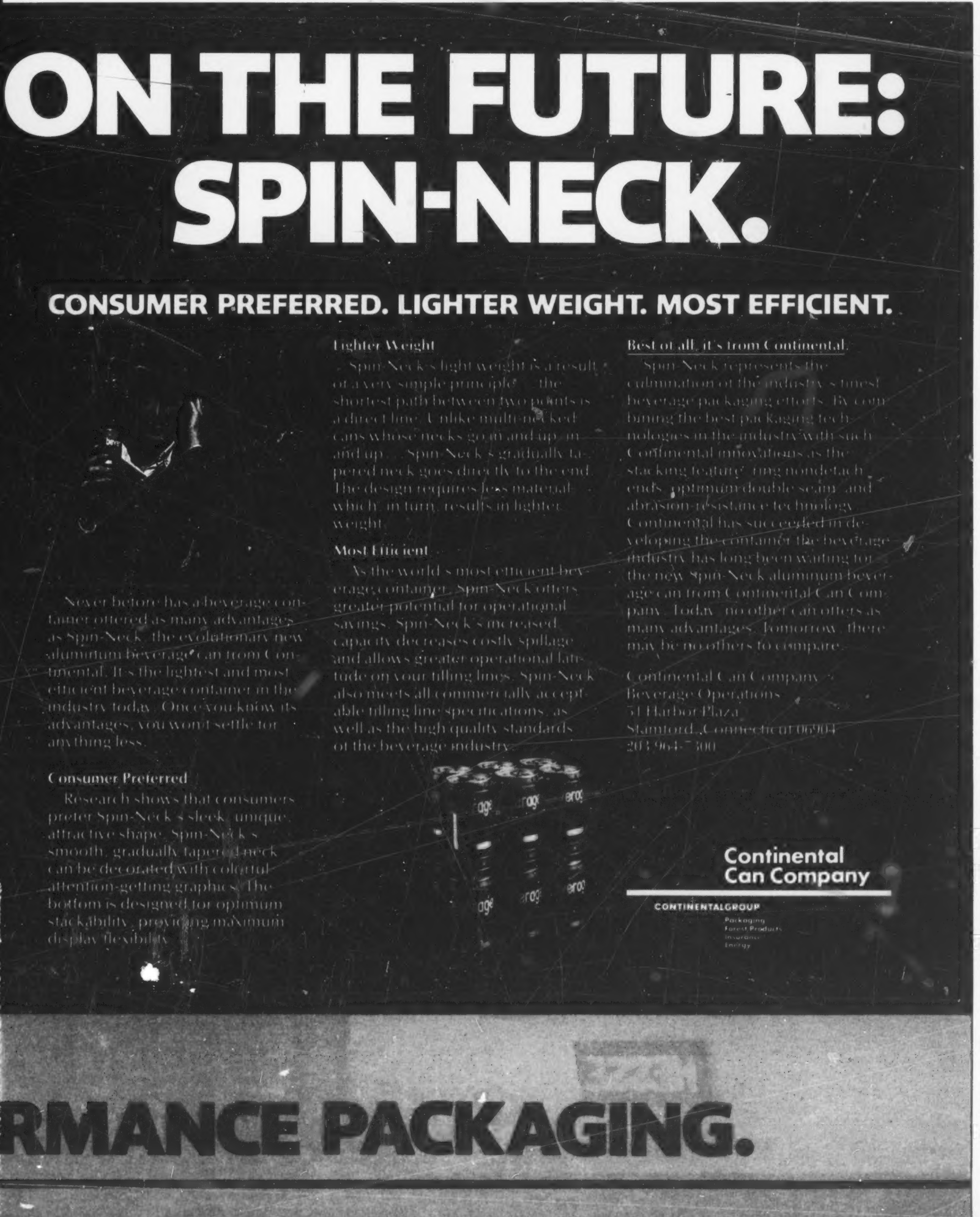
He explains: "Single service containers like the .5-L turn over fast. If you don't move carbonated beverages in less than six weeks, you're not in the business anymore." But while shelf life for the .5-L may no longer be a primary concern to bottlers, other analysts contend it's still important.

Shelf life of the .5-L is now about eight to ten weeks, but a new system developed by Nordson Corp., Container Application Group, in Amherst, OH, reportedly increases the shelf life of plastic containers.

Extending shelf life

The Barrier-Gard System is a process that allows for coating the exteriors of PET containers with an invisible glaze of PVDC to increase barrier properties.

(Continued on page 36)



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Primary containers show 3.2% gain for SD's in '83

(Continued from page 33)

Nordson reports tests on 23-gram, .5-L PET containers show an increased shelf life to 22 weeks. The system sprays bottles anywhere from 30 to 300 containers per minute with uniform coverage of up to 100% of the exposed surface, utilizing the Nordson Impact Spray Coater. It accommodates containers up to six inches in diameter and 14 inches in length and can be modified to handle smaller or larger sizes.

Aluminum continues to hold the lion's share of the can market over steel with 99% of all beer cans and 84% of all soft drink cans.

Other suppliers are still studying co-extrusions, coatings and heat-setting as a means of lengthening shelf-life and improving the quality of the PET container.

PET co-extrusions

Prentice McKibben, market analyst with Eastman Chemicals, says they are working with a co-extrusion of PET and EVOH, but adds multiple projects are ongoing at Eastman. "I couldn't tell you when we will have a co-extruded PET bottle in the market," he says.

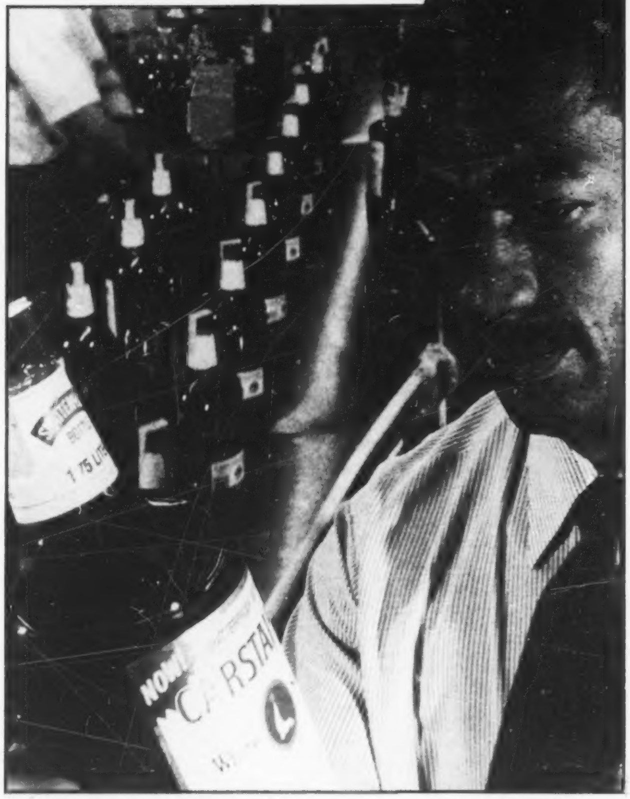
The shelf life problem is a little different with beer, he says. "We're more worried about oxygen penetration than carbonation loss. Beer will be more difficult than soft drinks to put in single service size PET." Despite that, he doesn't doubt the prediction that one major national brewer will have a large PET container within 1984.

While new developments continue to improve PET as a soft drink package, it was cans that led all other packaging in both unit volume increase and share gains in '83 over '82, according to Glenn A. Paulson, general manager-sales/marketing for Beverage Operations of Continental Can Co.

"There are a number of reasons for the continued growth in can shipments. In soft drinks parent companies and franchise bottlers are giving cans promotional support in food stores. The Booz, Allen and Hamilton study—analyzing filling and distribution costs, promotion and pricing levels—revealed cans to be the most profitable soft drink package.

"Another major positive factor is the heavy can use for diet soft drinks and the light beer segment . . . As these products which rely heavily on can packaging grow faster than other products, can share of total packaged increases," Paulson says.

Aluminum continues to hold the lion's share of the can market over steel with 99% of all beer cans and 84% of all soft drink cans. Recycling is a big factor in its success. Paulson reports in '83 more than 55% of all aluminum beverage cans shipped were recycled.



Walter Thornton, manager of Seagram's Dundalk, MD, plant, inspects an Amoco-made 1.75-L bottle, composed of Goodyear PET resin. The bottle is now in test markets on the East Coast.

New innovations

Several new innovations kept cans competitive in the market, such as the necked-in technology, responsible for a whole new generation of cans. Reynolds Q/Light can is 16-lbs. per thousand lighter than the first 12-oz. can it introduced 20 years ago, the company reports. It's necked in four times to reduce the weight and end diameter.

Stupay foresees a proliferation of packaging developments in '84. Analysts agree that there were few innovations that influenced the industry in '83. Stupay blames the economy. Nobody wanted to go out on the limb with new packaging last year, he says, because of the recession. He believes a recovered economy should change that in '84.

Aseptic inroads

If any one key development stands out, it was the proliferation of aseptic products on the market. However, Stupay believes aseptic packages are still at least five years away from full acceptance and their effect in 1983 on cans, PET and glass was minimal.

John C. Maxwell, BI's director of research/statistics, reports aseptic packaging could adversely influence domestic carbonated beverage volume over the next few years.

"There is some feeling that the industry could lower juice prices by 50% at retail with this container. The convenience and ease of opening and usage make the paper bottle a very competitive vehicle. Note also that it does not fall under the various state bottling bills with their required deposits, and has ease of disposal." And if that's the case, it would have a negative impact on cans, PET and glass.

Maxwell adds: "Some companies believe that they could put carbonated orange drinks into current aseptic packaging, since the carbonation of orange is low. They believe that within the next three to five years, development of the paper bottle could reach a point where carbonated beverages and beer could both be adequately contained therein." □

Trend: no-frills packaging

Pricing, low-cost production influence industry's secondary packaging suppliers

(Continued from page 4)

of generic wraps and baskets means fewer line changes and inventory reductions.

Because generic packages can be produced cheaper, there are also small savings in packaging costs. The pennies saved can be translated into dollars which directly fund the price-off battle chest or prop up lagging profits.

Packaged soft drink gallonage

	Loose	Paperboard	Plastic
Cans	10%	11%	79%
PET	99%	1%	–
NR glass	10%	90%	–
R glass	10%	45%	45%

Copyright: Beverage Industry
March 1984

Packaged beer barrelage

	Corrugated	Paperboard	Plastic
Cans	7%	37%	56%
NR glass	13%	87%	–
R glass	89%	11%	–

Copyright: Beverage Industry
March 1984

Graphics changes

Bill Wright, general manager, C.W. Zumbiel Co., concurs. He says the unprinted plastic carton pack has supplanted quality packaging with creative graphics. "I think it's a very bad way to go. It doesn't carry any sort of product message because it's not printed.

He adds: "Product loyalty is disappearing because consumers buy what is on discount each week in many cities around the country. People never pay full price." That could change though, Wright says, if bottlers used better packaging with bolder graphics. "A bolder package will help maintain product loyalty," he says, despite discounting.

Certainly, 1983 was not an exciting year for new secondary developments. While sources contend it's still too early to tell how successful it will be, shrink film appears to be intent on grabbing a bigger share of the secondary packaging market. Armed with some impressive cost-saving stats, the new marketers feel they'll find a more receptive audience in both the beer and soft drink industries.

In addition, the proliferation of aseptic products brought paperboard aseptic multi-packs into the market from several manufacturers. And 12-packs were credited with much of the success of cans in 1983.

"This is nothing new in beer," says Wright. "Roughly 40% of all can beer sales come in the 12-pack. In soft drinks, it's probably closer to five or six percent. The growth of the 12-pack in soft drinks will certainly play a role in putting more product in the home," he adds.

Bottlers have found shrink film an expensive investment, up to six times the cost of traditional packaging initially. But in the long run, the shrink film material is cheaper and pays for itself for the bottlers who can afford to make the initial investment.

Many suppliers feel mandatory deposits will play an increasing role in secondary packaging with an increase in the use of paperboard. "We feel there is a certain potential for growth in paperboard in deposit legislation states at the expense of packaging that is destroyed when you get to the product," says one supplier, who contends consumers will want to use it to bring glass packages back to the store. □

Distilled spirits down 1.6% in '83

Special Report—Once again, as expected, the distilled spirits industry slid downward in 1983 with roughly a 1.6% volume decline, compared to the 3.2% decline of 1982, according to John C. Maxwell, **Beverage Industry's** director of research/statistics.

Only liqueurs/cordials, rum, brandy, tequila, American-bottled Canadian and some specialty items enjoyed success in '83. Domestic whiskey declined 5.3% and imported whiskey was off 1.3%, with an overall 3.2% drop. Nonwhiskey distilled spirits were down .2%.

"If the economy continues at its current pace, we expect domestic sales to eventually flatten," reports Maxwell. "Our current 1984 outlook is for a continued overall decline in domestic liquor sales, particularly in the brown packaged goods group, although at a lesser rate than in 1983."

Maxwell points to the following three factors as having an adverse effect on sales in 1983:

- High excise taxes at the state level;
- Laws that raised the drinking age in some states;
- Lag factor of the industry, which has prevented it turning around as fast as other areas of the economy.

In addition, Maxwell notes four other factors that will be of concern to the industry in years to come:

- Potential for more tax increases. A federal tax increase is a possibility and at least five more states have proposed tax increases for years to come;
- Continued lobbying of various consumer groups attempting to establish a national law that would make the drinking age 21, plus other activities by groups such as MADD (Mothers Against Drunk Driving);
- Labeling and advertising restrictions;
- And, increasing health consciousness and concern adverse affect on sales.

Maxwell emphasizes the health-consciousness of American consumers as one of the prime problems for the industry now and in the future. He sees consumers shifting to lighter drinks such as white liquors mixed with fruit juices, or even entirely away from alcohol.

There was some shifting of the top selling brands in '83 compared to '82. While Bacardi retained its top position, its sales were off 1.6%. Smirnoff and Seven Crown remained two and three, but then there are changes. Jim Beam moved from sixth to fourth; Canadian Mist moved from seventh to fifth. Both Jack Daniels and Seagram's V.O. dropped two notches.

Maxwell concludes outlook for the industry is uncertain. "At best, we believe growth will be relatively flat for the near future," he adds. ☐

Top selling brands

Rank 1982	Rank 1983	Brand	Company	9-Liter Cases (000) 1982	9-Liter Cases (000) 1983	Change
1	1	Bacardi	Bacardi	8,461	8,327	(1.6)%
2	2	Smirnoff	Heublein (RJR)	7,267	7,262	–
3	3	7 Crown	Seagram	5,900	5,500	(6.8)
6	4	Jim Beam	James Beam (AB)	3,840	3,940	2.6
7	5	Canadian Mist	Brown-Forman	3,673	3,876	5.5
4	6	Jack Daniel's	Brown-Forman	3,894	3,725	(4.3)
5	7	V.O.	Seagram	3,865	3,550	(8.2)
8	8	Windsor Supreme	National	3,515	3,505	(0.3)
9	9	Canadian Club	Walker (GWL)	3,440	3,371	(2.0)
10	10	Seagram's Gin	Seagram	3,184	3,200	0.5
11	11	Popov	Heublein (RJR)	3,077	3,163	2.8
13	12	Gordon's Gin	Gordon/Renfield	2,836	2,598	(8.4)
16	13	Kamchatka	National	2,322	2,350	1.2
14	14	Gilbey's Gin	National	2,598	2,340	(9.9)
15	15	J&B Rare	Paddington (GM)	2,450	2,271	(7.3)
17	16	Dewar's	Schenley (RA)	2,300	2,230	(3.0)
18	17	Gordon's Vodka	Gordon/Renfield	2,073	2,100	1.3
12	18	Black Velvet	Heublein (RJR)	1,979	2,000	1.1
20	19	Gilbey's Vodka	National	1,928	1,889	(2.0)
19	20	Early Times	Brown-Forman	1,951	1,868	(4.3)
21	21	Beefeater	Kobrand	1,768	1,856	5.0
24	22	Kahlua	Walker (GWL)	1,600	1,630	1.9
22	23	Christian Brothers	Fromm & Sichel	1,725	1,620	(6.1)
25	24	Ancient Age	Ancient Age	1,531	1,607	5.0
23	25	Cutty Sark	Buckingham	1,618	1,562	(3.5)
26	26	Johnnie Walker Red	Somerset (E)	1,506	1,490	(1.1)
28	27	Ten High	Walker (GWL)	1,472	1,479	4.8
27	28	Kessler	Calvert (S)	1,501	1,380	(8.1)
29	29	Old Crow	National	1,391	1,340	(3.7)
30	30	Calvert Extra	Calvert (S)	1,300	1,260	(3.1)
32	31	Old Grand-Dad	National	1,250	1,213	(3.0)
31	32	Southern Comfort	Brown-Forman	1,289	1,204	(6.6)
34	33	Tanqueray	Somerset (E)	1,110	1,188	7.0
35	34	Crown Royal	Seagram (S)	1,100	1,150	4.5
33	35	Wolfschmidt	Seagram	1,135	1,140	0.4
36	36	Jose Cuervo	Heublein (RJR)	874	1,005	15.0%

Key to parent corporations:

(AB)	American Brands
(E)	Esmark
(G)	Glenmore
(GM)	Grand Metropolitan
(GWL)	Gooderham & Worts
(RA)	Rapid-American
(RJR)	R.J. Reynolds
(S)	Seagram

Source: Lehman Brothers
Kuhn Loeb Research

Copyright: John C. Maxwell
and Beverage Industry
March 1984

Consumption by class and type

(million mixed cases)

	1982	1983	Change
Bond	0.73	0.64	(12.3)%
Straight	21.02	20.07	(4.5)
Total Bourbon	21.75	20.71	(4.8)
Blended	13.20	12.40	(6.1)
100% Light	0.19	0.17	(10.5)
Total Domestic Whiskey	**35.14**	**33.28**	**(5.3)**
U.S.–Bottled Canadian	13.10	13.50	3.1
Foreign–Bottled Canadian	7.63	7.40	(3.0)
Total Canadian	20.73	20.90	0.8
U.S.–Bottled Scotch	7.90	7.65	(3.2)
Foreign–Bottled Scotch	10.95	10.50	(4.1)
Total Scotch	18.85	18.15	(3.7)
Irish	0.29	0.29	–
Total Imported Whiskey	**39.87**	**39.35**	**(1.3)**
Total All Whiskey	**75.01**	**72.63**	**(3.2)**
Vodka	30.75	30.45	(1.0)
Gin	14.89	14.60	(1.9)
Liqueurs/Cordials	13.97	14.20	1.6
Rum	12.09	12.20	0.9
Brandy	6.59	6.75	2.4
Tequila	2.83	2.90	2.5
Prepared Cocktails	3.02	2.85	(5.6)
Total Nonwhiskey	**84.14**	**83.95**	**(0.2)**
Grand Total Distilled Spirits	**159.15**	**156.58**	**(1.6)%**

Source: Lehman Brothers
Kuhn Loeb Research

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March 1984

Working women subject of alcohol study

Washington, DC—The neglected subject of drinking among working women has now been addressed in a brochure funded by the Licensed Beverage Information Council (LBIC).

The council, an industry consortium of beer, wine and liquor producers, importers, distributors and retailers has sponsored several programs since 1979 to educate the public about drinking during pregnancy, drunk driving, and alcoholism as a treatable disease.

Its grant to the Alcohol and Drug Problems Association of North America (ADPA) has resulted in "Some Thoughts About Drinking: For Women in the Workplace." The brochure details the stresses and conflicts working women encounter which may contribute to drinking problems, ways they try to conceal their problem and treatment sources.

"Traditionally, women were not considered alcoholic, either because they were hesitant to come forth for treatment, or were protected by friends and employers," said Susan Galbraith, co-chairman of ADPA's North American Women's Commission which developed the brochure.

"But our awareness of alcohol problems among women in society is greater now," she added. "We've always had as many women with alcohol problems and alcoholism. But it's more apparent today."

Treatment providers, who have helped break down attitudinal barriers among men are seeking to do the same with women. Currently, there are tools in the workplace to help women who drink, such as employee assistance programs (EAPs) but they have had difficulty attracting women, Galbraith explained.

But hopefully, the brochure will alert women to the danger signals, educate them about the differences between social drinking and alcohol abuse, and ease their reluctance to seek help.

It also outlines physiological reasons for their reactions to alcohol. Specifically, even when body weights are identical, women become intoxicated faster than men since they have more body fat and less body fluid. Therefore, alcohol remains in the blood stream longer where it can circulate to the brain and affect behavior.

In addition, women react strongly to alcohol before their menstrual cycle, and take longer to recover from the effects of alcohol when they are taking medications containing estrogen. ☐

Beverage Business Indicators*

Selected Consumer Price Index (base 1967 = 100)

	September 1983	October 1983	% Change	October 1982	Oct. '82 vs. Oct. '83 % Change
Cola	312.7	317.2	1.4	308.9	2.7
Other carbonated soft drinks	147.6	150.8	2.2	144.6	4.3
Noncarbonated drinks	141.0	141.9	.64	139.1	2.0
Wine	235.7	237.1	.59	236.4	.30
Beer and ale	225.4	226.1	.31	212.7	6.3

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Glass Bottle Production Total Bottles:	26,807	25,732	(4.0)	25,165	2.3
Beverage: Refillable	340	212	(37.6)	244	(13.1)
Nonrefillable	5,991	5,667	(5.4)	5,488	3.3
Beer: Refillable	175	104	(40.6)	91	14.3
Nonrefillable	9,183	9,298	1.3	8,570	8.9
Liquor	1,150	1,361	18.3	906	36.6
Wine	855	708	17.2	621	14.0
Plastic Bottle Production* Carbonated beverages	237,579	179,620	(24.4)	264,063	(32)

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Beer*	18,069,334	18,928,432	4.8	NA	–
Whiskey	7,412,365	4,769,813	(35.7)	NA	–
Brandy	325,018	417,284	28.4	NA	–
Gin	482,895	399,812	(17.2)	NA	–
Rum	122,807	140,145	14.1	NA	–
Cordials & liqueurs	522,621	859,637	64.5	NA	–
Others	928,440	757,199	18.4	NA	-
Total	27,863,480	26,272,322	(5.7)	NA	–
Sparkling wines	694,264	844,918	21.7	NA	–
Still wines, table	8,886,257	9,030,295	1.6	NA	–
Still wines, fortified	156,639	202,851	29.5	NA	–
Vermouth	182,066	184,009	1.1	NA	–

*Includes ale, stout, porter

NA Not Available

Source: National Association of Beverage Importers, Inc.

Closures for Beverages (thousands of gross)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Metal (for spirits, wines)*	78,598	59,094	(24.8)	48,786	21.1
Plastic (for spirits, wines)*	148,871	88,241	(40.7)	105,676	(16.5)
Metal Crowns (beer & soft drinks)	14,756	14,525	(1.6)	22,343	(35.0)
Soft drink (convenience and conventional)	6,989	6,071	(13.1)	8,526	(28.8)
Beer (convenience and conventional)	7,767	8,454	8.8	13,817	(38.8)
All other metal closures other than crowns	8,886	8,290	6.8	6,261	32.4

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	September 1983	October 1983	% Change	October 1982	Oct. '82 vs. Oct. '83 % Change
Soft drinks	327.1	329.0	.58	321.5	2.3
Alcoholic beverages	206.7	206.0	(.34)	199.1	3.5
Beverages and beverage materials	264.5	265.1	.23	257.9	2.8
Packaged beverage materials	324.7	324.5	.06	319.4	1.6

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	October 1983	November 1983	% Change	November 1982	Nov. '82 vs. Nov. '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	0	NA	–
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	0	14.25	0
Sugar, liquid ind. No. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	0	32.20	0

NA Not Available

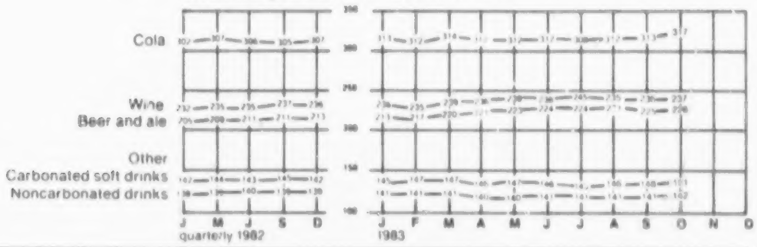
Source: The Journal of Commerce

Alcoholic Beverage Removals (barrels of 31 gals)

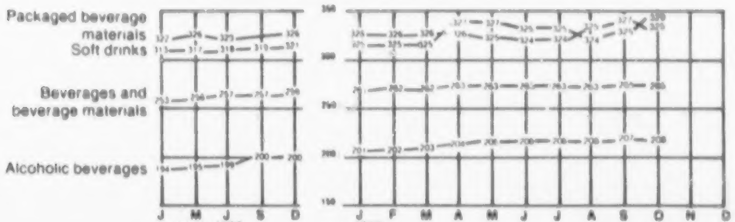
	July 1983	August 1983	% Change	August 1982	Aug. '82 vs. Aug. '83 % Change
Beer	17,103,625	17,609,867	3.0	16,482,846	6.8
Wine*	29,652,854	30,865,267	4.1	31,818,960	3.0
Spirits*	24,693,465	30,251,865	22.5	26,480,461	14.2

*wine gals

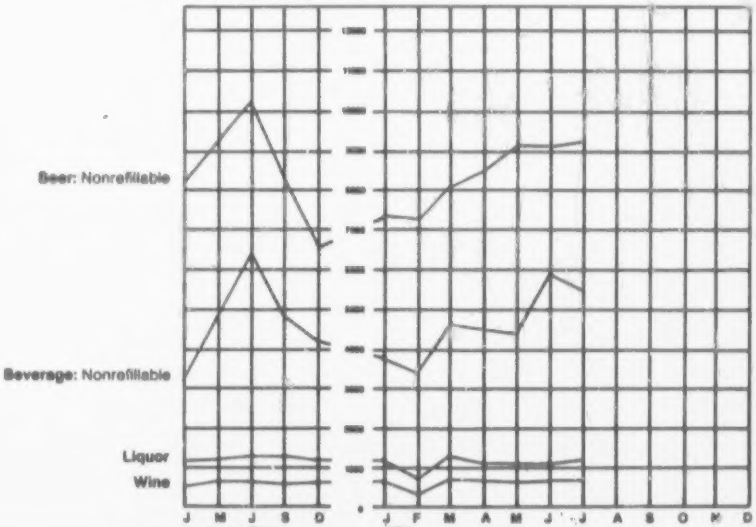
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms



1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)

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* Compiled by Statistical Research Center (SRCH) for Beverage Industry

Speed, simplicity key for coders, labelers, imprinters

(Continued from page 11)

Twenty-one percent to 30% of NR, 10%-20% of refillables and 31% to 40% of PET are estimated to be shipped pre-labeled to beverage producers and distributors, according to Pirzer Inc. representatives.

Officials from B&H Manufacturing of Ceres, CA, report that their BH-200/2100 labeling systems can use film or polystyrene labels and offers couponing capabilities. Company spokesmen say that customers are looking for units with speeds that are equal to filler speeds while trends appear to be towards generic soft drink and beer bottles.

Customers are looking for more simplistic labeling systems, the survey shows.

They also perceive that 91%-100% of both soft drink makers and brewers have more than two labeling units on line.

• For more information on coders: **Bell Mark Corp.**, circle no. 245; on **Control Print Div.**, circle no. 246; on **M.E. Cunningham Co.**, circle no. 247; on **Dalemark Industries Inc.**, circle no. 248; on **Dennison Mfg. Co.**, circle no. 249; on **Diagraph-Bradley Ind.**, circle no. 250; on **Adolph Gottscho Inc.**, circle no. 251; on **H-C Industries**, circle no. 252; **Kiwi Coders Corp.**, circle no. 253; **Lasermark Div.**, circle no. 254; on **Markem Corp.**, circle no. 255; on **Marsh Stencil Machine Co.**, circle no. 256; **Matthews Int. Corp.**, circle no. 257; on **3M**, circle no. 258; on **Videojet Systems International**, circle no. 259; on **Weber Marking Systems**; circle no. 260.

• For more information on labelers/imprinters: **American Fuji Seal Inc.**, circle no. 261; on **American Production Machine Co.**, circle no. 262; on **Anker Labelers**, circle no. 263; on **Associated Pkg. Equip. Corp. Ltd.**, circle no. 264; on **Automated Pkg. Systems Inc.**, circle no. 265; on **B & H Mfg.**, circle no. 266; **P.T. Bachmann & Son Inc.**, circle no. 267; **Dennison Mfg. Co.**, circle no. 268; on **Jagenberg Inc.**, circle no. 269; **Krones Inc.**, circle no. 270; on **Label-Aire Inc.**, circle no. 271; on **Labeljet Div.**, circle no. 272; on **Mateer-Burt Co.**, circle no. 273; on **George J. Meyer Mfg. Co.**, circle no. 274; on **New Jersey Machine Inc.**, circle no. 275; **Pirzer Inc.**, circle no. 276; on **Rutherford Machinery Div.**, circle no. 277; on **Stackpole Machinery Co.**, circle no. 278. ☐

BI Report

(Continued from page 1)

what appears to be a tavern. When one mocks the other for drinking A&W instead of a "brew" he is promptly flattened. Also new this year: a "float" commercial with ice cream.

• Canada Dry, soon to be separated from Dr Pepper if the Forstmann Little leveraged buyout is approved, announces 10% sales increase moving from 2.3% to 2.4% of total industry. A critical factor in the firm's success was its competitive stance in each of Seagram's mixers' intro markets.

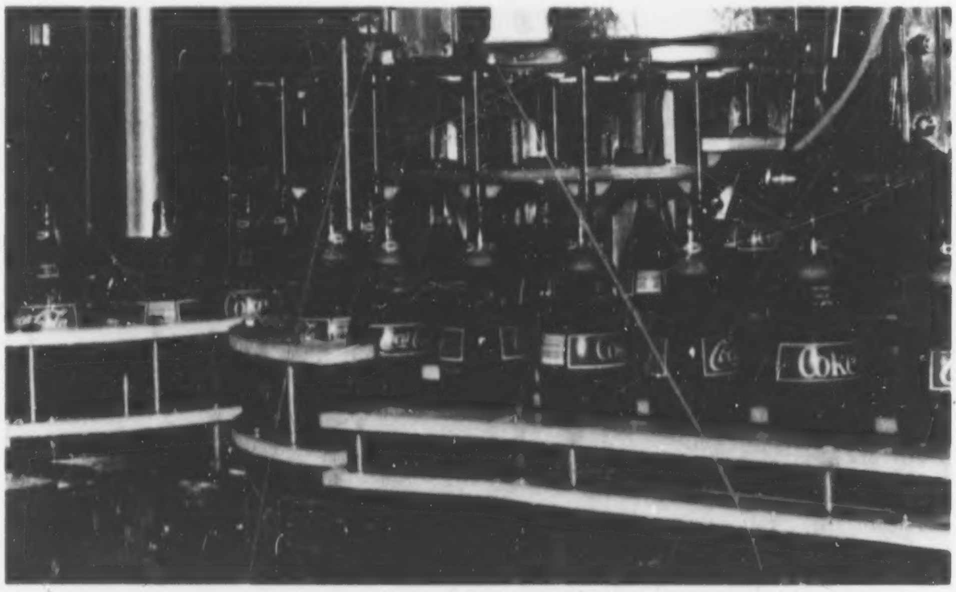
• Universal Foods announces it is selling its Mid-Continent soft drink operations to Seven-Up Co. for cash and for Warner Jenkinson. Involved are some seven plants/franchises: Cedar Rapids and Des Moines, IA; Flint, MI; Kansas City and St. Louis, MO; Omaha, NE; and Salt Lake City, UT. An additional nine warehouses/distribution centers will also be involved in the transaction. The deal will effectively double Seven-Up's company-owned holdings. It currently owns 10 production plants and some seven distribution centers. It will also pick up franchise rights to Dr Pepper, Dad's, Sunkist, Schweppes, A&W, Canada Dry, Squirt, Ma's Old Fashioned, Lipton, and Big Red in all or parts of the affected territories.

• Mark your calendar. Society of Soft Drink Technologists meeting, April 1-4, Hyatt Regency, Phoenix, AZ. Among subject to be covered: aspartame, energy costs, aseptic packaging, computerized syrup rooms, fortified beverages, manual bottle sorting. More info: Harry Korab, NSDA, 202-463-6756 .

• People on the move: John Lockwood moves up to director of franchises at Royal Crown Cola ... Chuck Jarvie emerges as new president of Schenley Industries. He and Chairman Howard S. Feldman will make up a new "office of the chairman" ... John Carson has been promoted to vp-marketing/sales at Schweppes. Ken Walsh moves up to director-field sales .

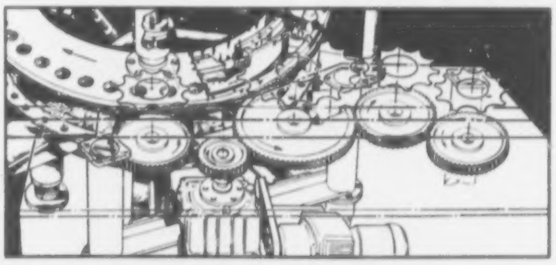
The Vickers Miller Hydro Silverstream Beverage Filler:

At Last-The Simplicity And Reliability Of A Gear-To-Gear Drive In A Beverage Filler.



Unique in the industry, the Vickers Miller Hydro gear-to-gear drive system minimizes the broken bottles, machine damage, and product flow stoppages associated with the timing imperfections common to belt drive and other inferior systems.

Each rotary motion in the Silverstream filler is driven by a positively meshed gear on the same plane as the main drive pinion.



The Vickers Miller Hydro drive system ensures the smooth bottle handling critical to efficient carbonated beverage filling and contributes in turn to the filler's established ability to fill at temperatures up to 55°F and beyond.

The simplicity of the system makes light of regular operation and maintenance chores.

Silverstream fillers are available to handle your range of bottle sizes at speeds to match most any requirement. The sensible engineering incorporated in the drive system is carried throughout the machine.

Contact Vickers Miller Hydro today to find out all the ways the Silverstream filler will ensure maximum efficiencies in your bottling line.

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APRIL 1984

Beverage Industry

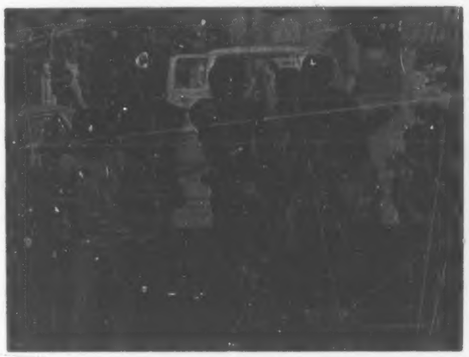
MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
AN (HBJ) PUBLICATION

New salvos in the '84 Cola Wars

Pepsi launches new generation Jackson, Richie

New York—The opening shots in Cola Wars '84 were heard when Pepsi-Cola introduced its new commercials and ad theme to more than 2,000 franchisee officials, wives and guests here recently at a black tie extravaganza

(Continued on page 57)



The Jacksons and some friends, left, introduce a "new generation" to Pepsi consumers, while Coca-Cola has unveiled a celebrity-filled campaign, right, featuring football star Marcus Allen.

Coke rolls out celebrity-filled diet Coke ads

New York—Coca-Cola opened up the diet front in the 1984 Cola Wars here recently by claiming that diet Coke is now the No. 3 best-selling brand in the industry, announcing a 60 million coupon blitz aimed at giving consumers a free diet Coke, and launching a new celebrity-filled ad campaign sustaining

(Continued on page 57)

SD sales vault 4.5% in '83

by Gary A. Hemphill

Exclusive Report—Boosted by a revived economy, hot summer and an apparently successful segmentation of diets and caffeine-free colas, the soft drink industry was up 4.5% in 1983, with an all-time high 6.48 billion cases sold, according to John C. Maxwell; **BI's** director of research/statistics.

The success of 1983 was a surprise to the industry, but it was a success that no one could really predict. Analysts had anticipated only flat or modest growth, more in line with the 2.6% rate of 1982. But the combination of the aforementioned factors changed all that.

First, the economy improved and consumers had more disposable income to purchase more soft drinks. Secondly, unusually hot weather also boosted sales.

Thirdly, new product introductions proliferated in

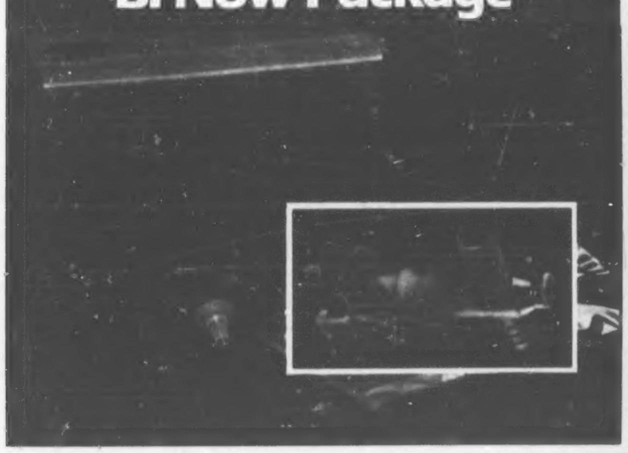
(Continued on page 13)

BI Report

- **Seven-Up President Ed Frantel cited sources "which have become industry standards: John Maxwell and A.C. Nielsen" as the basis for his**

(Continued on page 91)

BI Now Package



B-Bar-B's Kwik-Konnect simplifies the bag-in-box system for bottlers and fast food store operators. See page 12.

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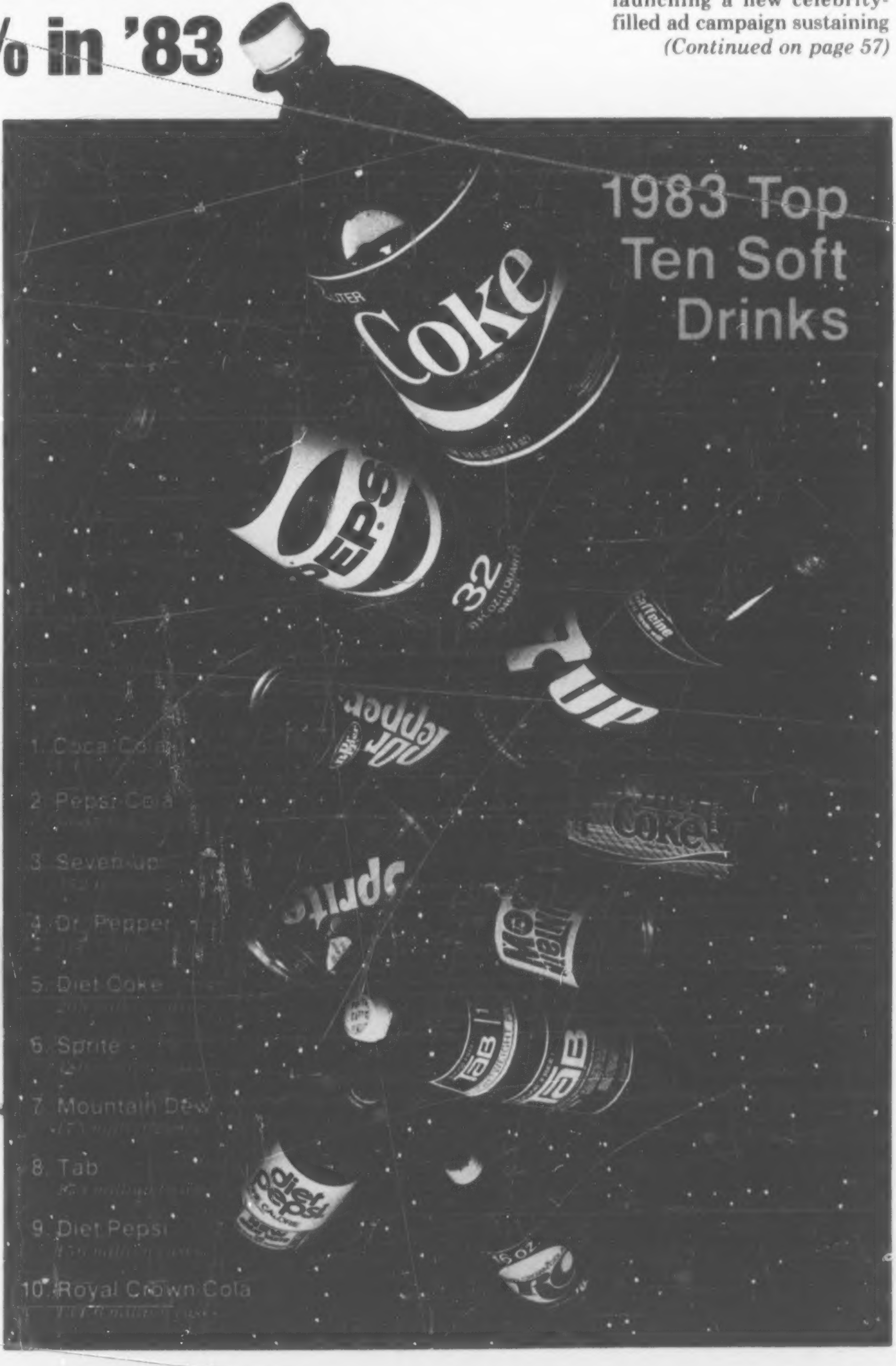


Beverage Industry

Bag-in-box makes inroads

Bulk growth continues to outpace SD industry

by Craig Fintor

EXCLUSIVE REPORT—Although the rate of growth of bulk fountain soft drinks has slowed, it is still increasing at a rate almost double that of packaged goods. In 1982, latest year for which NSDA sales figures are available, bulk sales were up 4.7%; packaged soft drink sales were up 2.4%.

Beverage Industry estimates that bulk sales increased from 22.3 billion 12-oz. servings in 1982 to 23.5 billion 12-oz. servings in 1983, representing 24% of total sales for the soft drink industry. Bulk sales for 1980 and 1981, meanwhile, shared 22.4% of the market and 22.8% in 1982. In four years, the bulk sales segment has increased its share of the total market by 1.6 percentage points, a 7.5% increase.

Post mix has the lion's share of that market, pre mix a smaller portion.

Total gallonage (bulk and packaged) grew at 2.7% clip, while packaged and bulk had gains of 2.4% and 4.7% respectively. Total dollar value increased 5.7% during 1982, according to statistics. Total sales of 12-oz. packages were estimated at $21.2 billion on the wholesale level.

Pre-mix and post-mix soft drinks had gains of 2.4% and 5.2%, respectively, in 1982. Packaged sales were up 2.4%, with plastic leading the way

(Continued on page 58)

Package design may be the key to Speas Farm aseptic success

BEAR LAKES, MI—Speas Farm, one of the nation's largest fruit cooperatives, expects its recent entrance into the aseptic market will solidify its hold on the apple juice market in the Midwest.

"We're trying to reach a different consumer," says Richard Birndorf, marketing manager for Speas Farm. "The aseptic package is aimed at child sales — lunch box, snacks," he says.

Birndorf believes the new packaging will enable them to better target this children's market. The Berni Corp. developed the packaging program for Speas Farm's aseptic-packaged juices. The company also redesigned Speas Farm's trademark.

Speas Farm's line of juices includes 100% pure apple, apple/cherry and apple/grape, marketed in shrink-wrapped, three-packs of Brik Pak packages.

Coupled with the projected sales of the blended products and the new design on Speas Farm's aseptic packages, Birndorf believes that the apple juice's No. 1 rated stand in the Midwest will be solidified.

Birndorf quickly added, however, that sales projections are hard to figure because the products have only been on the shelves for a short time.

Packaging presentations for the aseptic juice line feature high-impact, four-color, close-up photos of "just picked" fruit, according to The Berni Corp. When viewed en masse at shelf level, the contiguous design system creates a strong, synergistic impact.

• For more information on **Speas Farm,** circle no. 307 on the reader service card; on the **Berni Corp.,** circle 308. ☐

Speas Farm
100% Pure & Natural
Apple Juice

Speas Farm's new package.

A & W ROOT BEER
"Pour Yourself A Frosty One"
A&W
A&W
POUR YOURSELF A FROSTY ONE

A&W scoops rivals with new ad campaign

WHITE PLAINS, NY—Put two scoops of ice cream into a mug of A&W Root Beer and what do you have?

An A&W Root Beer float and increased sales of A&W and ice cream. At least that's what A&W and the International Assn. of Ice Cream Manufacturers (IAICM) are banking on. The two have joined hands in an advertising campaign slated to start this summer.

According to company officials, A&W was chosen for the distinction based upon the firm's "major thrust for root beer floats in 1984." Officials report that members of the IAICM selection committee are "excited about co-promotion opportunities" for A & W Root Beer and ice cream.

Adding credence to the promotional opportunities for A&W bottlers and ice cream is the fact that the company tested an A&W Root Beer float media/promotion concept in eight cities in August. The result? A&W sales increased anywhere from 27% to 143%.

The tie-in for the large sales increases, according to spokesmen, is a TV commercial that will air on network and local spots in June and August that "has the power to pull in new users as well as increase purchase frequency

(Continued on page 53)

Pocari commands 75% of the Japanese isotonic market and had $125 million in sales in 1983.

Pharmaceutical firm intros isotonic

SAN DIEGO—The Japanese, innovators of many industrial products, have come upon another innovation that could affect the palates of many beverage consumers.

The Otsuka Pharmaceutical Co. has created a light, isotonic beverage designed to restore body fluids and electrolytes lost through perspiration. Known as "Pocari," the beverage is to be introduced in San Diego County in May 1984 for test marketing.

"Pocari" is being marketed as a drink for the active, sports-oriented person, according to a company spokesman. The reason? The beverage has a balance of electrolytes that is matched to the human body's fluids and, a representative told **Beverage Industry,** is more easily absorbed into the body's system. "In fact, Pocari is assimilated by the body even faster than water, as

(Continued on page 60)

Features

33 Selling your plant, part II
The second in **BI**'s ongoing series of reports by Ugo Ippolito, lawyer and industry consultant, concentrates on the buyer's view of the sale of his plant. Included are tips for the prospective buyer.

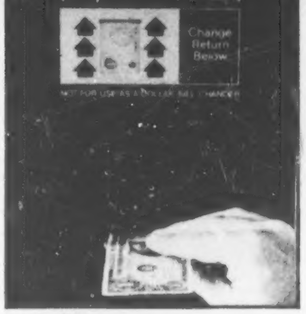
43 Is vending recovering?
Vending manufacturers are hoping for an improved year, and all signs are pointing to partial recovery.

46 Reaping full-service profits
Dan Moskovitz, **BI**'s technical editor, goes a step further in this vending issue with a report on the high-tech advances in—and profitability of—full-service vending.

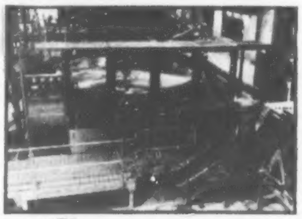
50 BI focus: vending/dispensing
From refurbishment to post-mix syrups, **BI**'s fourth industry focus report concerns the vending/dispensing industries and trends each is experiencing.

72 Continental filler at 2,000 cpm
Tooheys Ltd., a Sydney, Australia brewery, recently shattered a previous American record by filling 2,000 cpm with a Continental Can 2200 ultra-high speed, 12-station rotary closing machine connected and synchronized by an H & K 165-valve rotary filling machine.

74 Fast food & soft drinks
Soft drink promotions and incentives are being utilized more and more as a way of attracting consumers to the country's vast array of fast food outlets. Why?



page 43



page 72

Departments

Reader Service 7
NOW Package 12
Plant security 62
Beverage Business Indicators 68
Trucks 78
New Products 80
New Literature 82
Supply House 83
Newsmakers 85
Classified ads 87
Ad index 92
Editorial 94

Soundoff

"Trade discounting is a bad game"

"... another negative consequence of frequent discounting is that it destroys consumers' concept of price value relative to a particular product. If you're trying to establish two liters of a certain product is $1.49, what are consumers to think when they walk in the following week and find that it is 99 cents? How, they wonder, could it have been worth $1.49?

"Discounting, per se, has been around for ages. What has happened recently, however, is that practitioners of this technique have exceeded traditional limits. Consequently, there is a growing awareness among manufacturers that trade discounting is a bad game. It weakens the brand franchise and endangers product image. It behooves manufacturers, therefore, to devise a number of creative substitutes."

—**Thomas W. Wilson Jr., head of the consumer goods marketing group, McKinsey & Co.** in PepsiCo's Panorama, February 1984

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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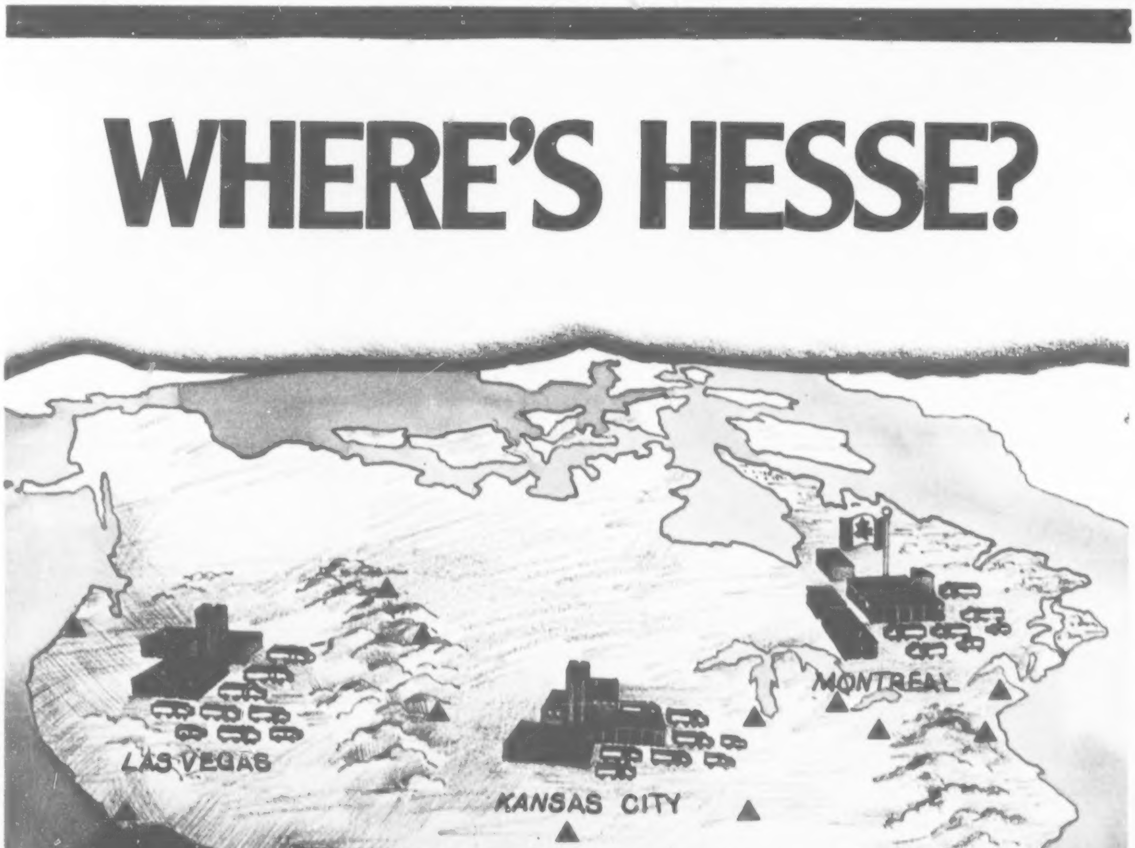

WHERE'S HESSE?

Where in your world is Hesse?

Chances are, Hesse [illegible] Service Center closer than you think. [illegible] because we've spent the last 137 years [illegible] nationwide network of 3 producing plants [illegible] multiple service centers that now extend [illegible] Canada.

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Las Vegas, Nevada, is the home of the most modern beverage body plant in the industry. We put it there for our customers in the Rockies and the West.

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New products, hot summer boost SD sales

(Continued from page 1)

1983, including what Maxwell calls "the most successful new product introduction ever" in diet Coke, the fifth largest seller in '83 and probably now, at an annual rate, No. 4, Maxwell says. Other sources believe it may even be the third best-selling soft drink.

At the press conference proclaiming diet Coke as No. 3 brand, Brian Dyson, president of Coca-Cola USA, had this to say about the **Beverage Industry**/John Maxwell national brand rankings:

"John Maxwell, the respected industry analyst, will probably show diet Coke to be the No. 5 brand in America when he publishes his 1983 industry statistics soon. We think that's incredible and we certainly agree with his analysis.

"Remember, diet Coke was only available to 31% of U.S. consumers in January, 1983. Fountain diet Coke wasn't even introduced until May of last year and is still on a strong growth trend.

"Diet Coke was the No. 5 soft drink in 1983. Fantastic!" he says.

Diet Coke was a shot in the arm to diet soft drink consumption, which also reached an all-time high, up to 17.3% total of the market and a 24% increase over '82 with 1,123 million cases sold in '83. Coke has the corner on that market with 40.9% of the total while Pepsi holds down 21.9%, Seven-Up 8% and Dr Pepper 7.5%.

While Coke has led in the diet category for years, it's never been stronger than it is right now. To reach that 40.9% share of the segment, Coca-Cola's diet brands, including Tab, Caffeine Free Tab, Fresca, diet Coke, Caffeine Free diet Coke and diet Sprite, increased in sales by 68% from 273.2 million cases in '82 to 459 million cases in '83, Maxwell reports.

To put diet Coke's influence in perspective, it was the only diet brand in the Coca-Cola stable that increased in sales in 1983, according to Maxwell. The other diet brands were either just introduced last year or decreased in sales. The huge growth of Coke's diet segment is due entirely to diet Coke.

In addition, diet Coke increased in sales by 192 million cases in '83; the industry's overall diet segment increased by 217.4 million cases. Diet Coke, then, was responsible for 89.7% of the growth of the diet category last year.

Certainly, aspartame, despite its controversial introduction, helped diet sales,

Consumption of soft drinks by company

1979		1980		1981		1982			1983		
Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market		Mil. Cases	Pct. Market	1982-83 Change
								Coca-Cola Co.			
1,365.0	23.9%	1,425.0	24.3%	1,463.0	24.2%	1,478.0	23.9%	**Coca-Cola**	1,455.0	22.4%	(1.6)%
–	–	–	–	–	–	17.0	0.3	**diet Coke**	209.0	3.2	1,129.4
165.0	2.9	171.0	2.9	178.0	2.9	174.0	2.6	**Sprite**	180.0	2.8	
170.0	3.0	188.0	3.2	216.0	3.6	237.0	3.8	**Tab**	173.0	2.7	(27.0)
107.0	1.9	98.0	1.7	88.0	1.5	80.0	1.3	**Fanta**	71.7	1.1	(10.4)
38.0	0.7	50.0	0.8	53.0	0.9	50.0	0.8	**Mello Yello**	42.0	0.6	(16.0)
–	–	–	–	–	–	–	–	**Caffein Free Coke**	30.0	0.5	–
–	–	–	–	–	–	–	–	**Caffeine Free diet Coke**	30.0	0.5	–
43.0	0.8	39.0	0.7	34.0	0.6	29.5	0.5	**Mr. Pibb**	24.8	0.4	(15.9)
–	–	–	–	–	–	23.5	0.3	**diet Sprite**	20.0	0.3	–
–	–	–	–	–	–	–	–	**Caffeine Free Tab**	15.0	0.2	–
25.0	0.4	26.0	0.4	24.0	0.4	19.2	0.3	**Fresca**	12.0	0.2	(37.5)
23.0	0.4	25.0	0.4	26.0	0.4	26.0	0.4	**Others**	26.0	0.4	–
1,936.0	34.0	2,022.0	34.4	2,082.0	34.5	2,134.2	34.5	**Total**	2,288.5	35.3	7.2
								Pepsi Co, Inc.			
1,022.0	17.9	1,056.0	17.9	1,104.0	18.3	1,120.0	18.1	**Pepsi-Cola**	1,095.0	16.9	(2.2)
156.0	2.8	169.0	2.9	179.0	3.0	175.0	2.8	**Mountain Dew**	175.0	2.7	–
142.0	2.5	154.0	2.6	173.0	2.9	180.0	2.9	**Diet Pepsi**	156.0	2.4	(13.3)
–	–	–	–	–	–	–	–	**Pepsi Free**	95.0	1.5	–
–	–	–	–	–	–	20.0	0.3	**Sugar Free Pepsi Free**	65.0	1.0	225.0
24.0	0.4	24.0	0.4	29.0	0.5	30.0	0.5	**Pepsi Light**	25.5	0.4	(15.0)
15.0	0.3	15.0	0.3	14.0	0.2	10.0	0.2	**Teem**	10.0	0.2	–
18.0	0.3	17.0	0.3	16.0	0.2	15.0	0.2	**Others**	15.0	0.2	–
1,377.0	24.2	1,435.0	24.4	1,515.0	25.1	1,550.0	25.0	**Total**	1,636.5	25.3	5.6
								Dr Pepper			
311.5	5.5	323.0	5.5	326.0	5.4	315.4	5.1	**Dr Pepper**	317.5	4.9	0.7
62.9	1.1	69.1	1.2	79.5	1.3	81.5	1.3	**Sugar Free Dr Pepper**	73.9	1.1	(9.3)
–	–	–	–	–	–	–	–	**Pepper Free**	10.0	0.2	–
–	–	–	–	–	–	–	–	**Sugar Free Pepper Free**	10.0	0.1	–
374.4	6.6	392.1	6.7	405.5	6.7	396.9	6.4	**Total**	411.4	6.3	3.7
								Canada Dry Corp.			
56.7	0.9	60.2	1.0	63.2	1.1	68.0	1.1	**Ginger Ale**	76.0	1.2	11.8
20.7	0.4	27.0	0.5	33.0	0.5	29.2	0.5	**Club Soda**	32.1	0.5	9.9
						7.3	0.1	**Seltzer**	8.0	0.1	9.5
26.5	0.5	26.8	0.4	28.0	0.5	29.1	0.5	**Tonic, Bitter Lemon**	30.6	0.5	5.2
15.5	0.3	15.3	0.3	14.3	0.2	13.0	0.2	**Barrelhead**	10.8	0.2	(16.9)
5.0	0.1	4.0	0.2	4.2	0.1	3.4	0.1	**Wink**	2.7	–	(20.6)
38.0	0.7	31.0	0.5	25.0	0.4	21.0	0.3	**Others**	20.0	0.3	(4.8)
162.4	2.9	164.3	2.9	167.7	2.8	171.0	2.8	**Total**	180.2	2.8	5.4
57.0	1.0	54.5	0.9	44.0	0.7	38.5	0.6	**Cott Corp.**	35.0	0.5	(9.1)
31.0	0.5	30.0	0.5	31.6	0.5	31.7	0.5	**Welch's**	29.2	0.5	(7.9)
22.4	0.4	21.0	0.4	20.0	0.3	19.4	0.3	**No-Cal**	17.5	0.3	(9.8)
647.2	11.4	661.9	11.4	668.8	11.0	657.5	10.6	**Grand Total**	673.3	10.4	2.4
								Seven-Up Co.*			
320.0	5.6	317.0	5.4	301.0	5.0	325.0	5.2	**7-Up**	352.0	5.4	8.3
63.6	1.1	64.0	1.1	70.0	1.2	79.0	1.3	**Diet 7-Up**	85.3	1.3	8.0
–	–	–	–	–	–	16.0	0.3	**Like**	24.0	0.4	50.0
10.0	0.2	9.0	0.2	8.0	0.1	6.0	0.1	**Dixie Cola**	4.5	0.1	(25.0)
–	–	–	–	–	–	–	–	**Sugar Free Like**	4.2	0.1	–
1.0	–	1.0	–	1.0	–	0.5	–	**Howdy Flavors**	0.3	–	(40.0)
394.6	6.9	391.0	6.7	380.0	6.3	426.5	6.9	**Total**	470.3	7.3	10.3
								Royal Crown Cos.			
159.0	2.8	166.5	2.9	149.0	2.5	144.0	2.3	**Royal Crown**	134.6	2.1	(6.5)
								RC100			
–	–	–	–	20.0	0.3	33.6	0.5	**Sugar Free**	29.7	0.4	(11.6)
						15.4	0.3	**Regular**	13.7	0.2	(11.0)
38.0	0.7	37.0	0.6	37.0	0.6	35.0	0.6	**Diet Rite Cola**	29.1	0.4	(16.9)
53.0	0.9	50.0	0.8	43.0	0.7	38.0	0.6	**Nehi and Others**		0.6	6.1
250.0	4.4	253.5	4.3	249.0	4.1	266.0	4.3	**Total**	247.4	3.8	(7.0)
100.0	1.7	105.0	1.8	109.0	1.8	129.0	2.1	**Shasta Beverages/**	128.0	2.0	(0.8)
								Sunkist			
35.0	0.6	76.0	1.3	88.0	1.5	96.0	1.6	**Sunkist**	98.0	1.5	2.1
–	–	2.0	–	10.0	0.1	20.0	0.3	**Diet Sunkist**	18.0	0.3	(10.0)
35.0	0.6	78.0	1.3	98.0	1.6	116.0	1.9	**Total**	116.0	1.8	–

*Subsidiary of Philip Morris, Inc.

/Division of Consolidated Foods Corp. Total for 1982 Includes C&C Cola volume for nine months.

(Continued on page 14)

but many analysts and industry leaders think the diet segment would have grown and will continue to grow without new sweetener developments or new product introductions.

Says one franchise company president: "Diets will continue to grow. The only thing that has ever interrupted their growth is the federal government. The public is very calorie conscious. NutraSweet is very important to the diet colas because they tasted rotten without it."

Both diets and no-caffeines, but particularly diets, have been important factors in the growth of the industry. Compared to the industry's healthy 4.5% growth rate in '83, diets jumped 24%. Consider that without diet consumption included the industry would have dropped .8% in 1983.

Caffeine-frees

Caffeine-frees had a similar effect on the industry, although not as dramatic. Maxwell's report shows caffeine-frees grew 204% in '83, but the number is misleading because many of these products weren't rolled out until '83. Caffeine-free sales grew from 120 million cases in '82 to 365.7 million cases last year.

PepsiCo ruled this segment with its Pepsi Free brands, which now own a 44% share of the caffeine-free market, accounting for sales of 160 million cases, which is more than the entire segment was in '82. This segment was responsible for 365.7 million cases or 5.6% of the entire soft drink market, according to Maxwell. "We feel it is running at a rate of 7%-8%," says Maxwell.

Roger Enrico, president and CEO, Pepsi-Cola USA, believes all these new product entries contributed to the growth of the industry. "If you are not bringing new products to the market place," he said in a recent speech, "then you are going to have relatively slow growth; the converse also being true in my opinion . . . I don't think we've even scratched

(Continued on page 16)

Consumption of soft drinks by company (cont'd)

1979		1980		1981		1982			1983		
								Moxie Inc.			
								Monarch Co.			
19.0	0.3	18.0	0.3	17.0	0.3	17.3	0.3	**Nesbitts**	19.0	0.3	9.8
15.0	0.3	16.0	0.3	17.0	0.3	16.8	0.3	**Frostie Root Beer**	16.0	0.3	(4.8)
14.3	0.2	14.4	0.2	14.4	0.2	15.0	0.3	**NuGrape**	15.2	0.2	1.3
8.9	0.2	8.5	0.2	8.4	0.1	8.3	0.2	**Sun Crest**	8.0	0.1	(3.6)
2.2	–	2.2	–	2.2	–	2.3	–	**Moxie**	2.4	–	4.3
0.7	–	NA	–	NA	–	NA	–	**Kickapoo**	–	–	–
3.9	0.1	3.5	0.1	3.0	0.1	2.5	–	**Mason's Root Beer**	2.1	–	(16.0)
2.1	–	1.9	–	0.7	–	NA	–	**Flavette**	–	–	–
2.0	–	1.8	–	1.3	–	1.1	–	**Dr. Wells**	1.1	–	–
31.9	0.6	33.0	0.6	34.0	0.6	33.0	0.5	**Other**	32.8	0.5	(0.6)
100.0	1.7	99.3	1.7	98.0	1.6	96.3	1.6	**Total**	96.6	1.4	0.3
								Consolidated Chocolate Co.			
2.6	0.1	2.7	0.1	2.8	0.1	3.0	0.1	**Chocolate Soldier**	3.3	–	10.0
1.9	–	2.0	–	2.0	–	2.0	–	**Choc-ola**	2.1	–	5.0
1.4	–	1.4	–	1.4	–	1.4	–	**Brownie**	1.4	–	–
4.7	0.1	4.9	0.1	5.0	0.1	5.4	0.1	**Other**	5.6	0.1	3.7
10.6	0.2	11.0	0.2	11.2	0.2	11.8	0.2	**Total**	12.4	0.2	5.1
110.6	1.9	110.3	1.9	109.2	1.8	108.1	1.8	**Grand Total**	109.0	1.7	0.8
55.8	1.0	64.8	1.1	72.0	1.2	81.5	1.3	**Cadbury Schweppes USA, Inc.**	83.2	1.3	2.1
								Crush International			
54.8	1.0	56.8	1.0	59.1	1.0	65.0	1.1	**Hires, Crush, etc.**	68.0	1.0	4.6
8.2	0.1	8.5	0.1	8.7	0.1	9.5	0.1	**Sun Drop**	10.0	0.2	5.3
63.0	1.1	65.3	1.1	67.8	1.1	74.5	1.2	**Total**	78.0	1.2	4.7
47.6	0.8	53.8	0.9	64.0	1.1	70.5	1.1	**Squirt Co.**	75.4	1.1	7.0
								A&W Beverages $			
37.5	0.7	40.0	0.7	41.1	0.7	42.6	0.7	**A&W**	44.6	0.7	4.7
16.5	0.2	18.0	0.3	19.9	0.3	21.9	0.3	**Sugar Free A&W**	21.9	0.3	–
54.0	0.9	58.0	1.0	61.0	1.0	64.5	1.0	**Total**	66.5	1.0	3.1
								Dad's Root Beer Company			
33.5	0.6	34.1	0.6	34.0	0.6	32.6	0.5	**Dad's Root Beer**	32.9	0.5	0.9
16.0	0.3	15.6	0.3	18.5	0.3	18.2	0.3	**Bubble Up**	18.7	0.3	2.7
6.5	0.1	6.7	0.1	6.8	0.1	6.9	0.1	**Diet Dad's**	7.1	0.1	2.9
56.0	1.0	56.4	1.0	59.3	1.0	57.7	0.9	**Total**	58.7	0.9	1.7
39.1	0.7	39.9	0.7	39.0	0.7	40.0	0.6	**Double Cola Co.**	40.5	0.6	1.3
23.9	0.4	22.1	0.4	25.2	0.4	29.8	0.5	**Faygo**	32.5	0.5	9.1
29.0	0.5	29.5	0.5	29.5	0.5	28.0	0.5	**Frank's Beverages**	28.0	0.4	–
11.6	0.2	13.9	0.2	16.9	0.3	19.1	0.3	**Barq's**	19.3	0.3	1.0
12.5	0.2	12.8	0.2	13.5	0.2	13.8	0.2	**Cragmont (Safeway)**	15.1	0.2	9.4
11.0	0.2	10.5	0.2	11.0	0.2	12.0	0.2	**Chek (Winn-Dixie)**	14.0	0.2	16.7
9.9	0.2	10.2	0.2	11.0	0.2	11.5	0.2	**Big K (Kroger)**	12.8	0.2	11.3
–	–	–	–	–	–	–	–	**Seagram's†**	6.9	0.1	–
8.0	0.1	8.0	0.1	7.2	0.1	6.8	0.1	**Cotton Club**	6.4	0.1	(5.9)
2.6	0.1	2.9	–	3.1	0.1	3.5	0.1	**Yukon (A&P)**	3.7	0.1	5.7
5,274.4	92.5	5,504.8	93.8	5,691.5	94.3	5,905.9	95.3	**Total**	6,210.0	95.8	5.1
425.6	7.5	370.2	6.2	343.5	5.7	294.1	4.7	**Others**	270.0	4.2	(8.2)
5,700.0	100.0%	5,875.0	100.0%	6,035.0	100.0%	6,200.0	100.0%	**Grand Total**	6,480.0	100.0%	4.5%

$Subsidiary of Castle & Cooke

†Represents partial year test market sales.

Source: Lehman Brothers Kuhn Loeb Research

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Beverage Industry
April 1984

Estimated market share by type*

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982		1983
63.0%	63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	62.6%	62.1%	**Cola**	63.6%
12.0	12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	11.6	12.0	**Lemon-Lime**	12.5
3.9	3.9	4.7	5.3	6.4	6.3	6.5	7.2	7.5	7.5	7.5	7.4	7.0	**Pepper Type**	6.8
8.3	8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	7.4	7.6	**Orange**	7.1
4.5	5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	5.5	5.4	**Root Beer**	5.0
8.4	7.7	6.9	6.5	5.9	5.6	5.6	5.3	5.1	5.3	5.4	5.3	5.9	**All Others**	5.0
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**Total**	100.0%

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*Includes diet drinks.

Source: Lehman Brothers Kuhn Loeb Research

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April 1984

Diet soft drink consumption

1979			1980			1981			1982				1983		
Mil. Cases	Market	Pct. Change	Mil. Cases	Market	Pct. Change	Mil. Cases	Market	Pct. Change	Mil. Cases	Market	Pct. Change		Mil. Cases	Market	Pct. Change
195.0	28.9%	10.8%	214.0	28.5%	9.7%	240.0	28.8%	12.1%	273.2	30.2%	13.8%	**Coca Cola***	459.0	40.9%	68.0%
142.0	21.1	11.8	178.0	23.7	25.4	202.0	24.3	13.5	210.0	23.2	4.0	**PepsiCo#**	246.5	21.9	17.4
63.6	9.4	1.0	64.0	8.5	0.6	70.0	8.4	9.4	79.0	8.7	12.9	**Seven-Up**	89.5	8.0	13.3
85.3	12.7	2.9	90.1	12.0	5.6	99.5	12.0	10.4	100.9	11.1	1.4	**Dr Pepper§**	83.9	7.5	(16.8)
38.0	5.6	(5.5)	40.5	5.4	6.6	37.0	4.4	–	35.0	3.9	(5.4)	**Royal Crown Cola**	29.1	2.6	(16.9)
16.5	2.4	18.7	18.0	2.4	9.1	19.9	2.4	10.6	21.9	2.4	10.1	**Sugar Free A&W**	21.9	1.9	–
–	–	–	2.0	0.3	–	10.0	1.2	400.0	20.0	–	–	**Diet Sunkist**	18.0	1.6	(10.0)
6.5	1.0	(7.1)	6.7	0.9	3.1	6.8	0.8	4.5	6.9	0.8	1.5	**Diet Dad's**	7.1	0.6	2.9
546.9	81.1	7.2	613.3	81.8	11.8	685.2	82.4	11.7	746.9	82.5	9.0	**Subtotal**	955.0	85.0	27.9
127.1	18.9	5.9	136.7	18.2	7.6	146.8	17.6	7.4	158.7	17.5	8.1	**All Others**	168.0	15.0	5.9
674.0	**100.0%**	**7.0%**	**750.0**	**100.0%**	**11.0%**	**832.0**	**100.0%**	**10.9%**	**905.6**	**100.0%**	**8.8%**	**Total**	**1,123.0**	**100.0%**	**24.0%**
11.8%			**12.7%**			**13.8%**			**14.6%**			**% of Total Market**	**1,117.3%**		

*Includes diet Coke, Tab, Caffeine Free Tab, Fresca, Caffeine Free diet Coke, and Diet Sprite.
#Includes Diet Pepsi, Pepsi Light, and Sugar Free Pepsi Free.
§Includes No-Cal.
Source: Lehman Bros. Kuhn Loeb Research

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Beverage Industry
April 1984

New products, hot Summer boost SD sales

(Continued from page 14)

the surface in terms of potential product innovation in the business."

One industry executive has downplayed these new product introductions, claiming they're not truly new products but spin-offs. "To call them pure new products is not totally accurate. They're still identifiable names. They provided the resource of the volume base by chopping up existing business," he says. While the acceptance of these new products has been good, it's probably at least another year off until the industry can establish to what degree these new products have cannibalized existing brands. If the top ten selling soft drinks are any indication, cannibalization definitely took place.

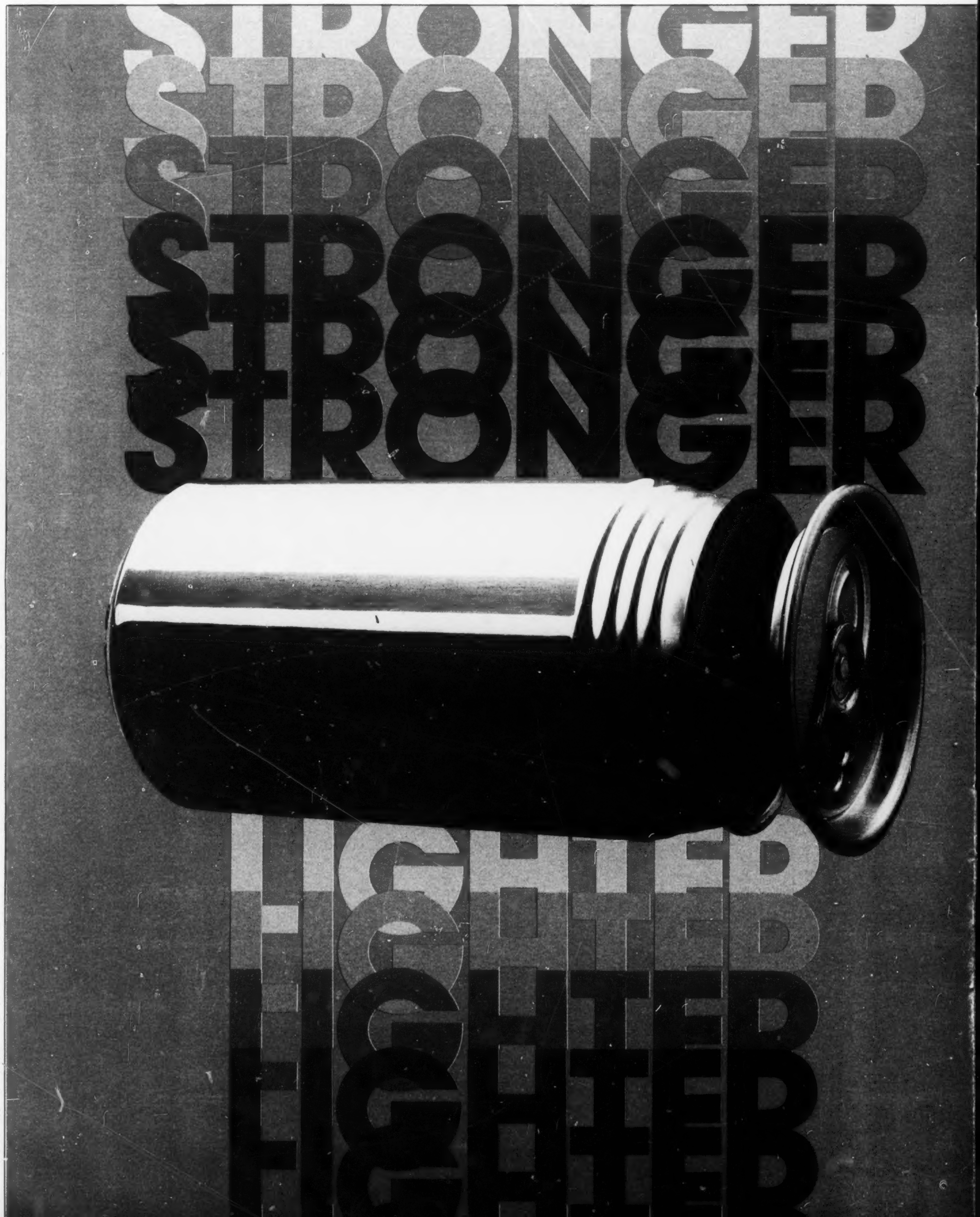
Top 10 brands

The top 10 were altered primarily by the appearance of diet Coke, but most of the other brands in the top 10 had either flat or negative growth rates.

Coca-Cola sold 1,445 million cases for a 22.5% market share and a 1.6% decrease over '82. Pepsi-Cola sold 1,095 cases for a 16.9% market share and a 2.2% decrease over '82. After that follows 7UP, Dr Pepper, diet Coke, Sprite, Mountain Dew, Tab, Diet Pepsi and Royal Crown Cola.

In the top 10 (see related story), only brands 7UP, Dr Pepper and Sprite increased sales. Coke, Pepsi, Tab, Diet Pepsi and Royal Crown were all down. Mountain Dew showed no change and diet Coke, of course, was a new entry.

Maxwell reports colas and lemon-limes increased market share in 1983 at the expense of pepper-type, orange, root beer and the "all others" category. Colas had 63.6% market share in '83 and



lemon-lime had a 12.5% share. For both categories it represented a turn-around of sorts from 1982 when both lost share. Perhaps these numbers are a reflection of the intense discounting in the industry, making brand loyalty almost nonexistent. Certainly, it's the majors that consumers find on special in the supermarket from week to week and not the allied brands.

One industry executive who declined to be identified, downplayed the significance of this. "Consumer focus was on a whole number of new colas to try. A Tab drinker now has a whole lot of choices, but you're eventually going to settle into one brand. All of this crowded out the allied brands and the effect will probably remain with us through this summer.

"Because of all the new products, the cola category is getting a shot in the arm in '83 and '84. Whether these no-caffeines and diet Coke will have a permanent influence on the industry, we won't know until the end of '84. It's too early to make a judgment, but if I was going to bet I would bet against it," he says.

While there is some confusion as to how all the new product entries will influence the industry over the next few years, there is no confusion about the success of '83. Parent companies are unanimous in their analyses of the year.

Caffeine-free consumption (cola & pepper only) 1983

	Mil. Cases	Pct. Market
PepsiCo	160.0	43.8%
Coca-Cola	75.0	20.5
Royal Crown Cola	72.5	19.8
Seven-Up	28.2	7.7
Dr Pepper	20.0	5.5
Subtotal	355.7	97.3
All Others	10.0	2.7
Total	365.7	100.0%
% of Total Market		5.6%

Source: Lehman Bros. Kuhn Loeb Research

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April 1984

"We had a good year, but for everybody in the industry it was a difficult year," says Ed Shanks, president and CEO of the Double Cola Co. Shanks labels new product proliferation and price discounting as the main factors bringing about the growth of the industry.

"One of the things that benefited everybody was stable costs in areas like packaging and sugar. This allowed the industry to make profits despite discounting," he says.

The discounting game moved in a cyclical pattern. When the majors got involved, the others had to also. Says Shanks: "As much as I hate to admit it, both Coke and Pepsi have a higher brand awareness than we do. We had to discount."

While smaller companies, like Double Cola, did not get involved with the proliferation of new product to the degree that the majors did, they were certainly affected.

"We had to increase spending levels," says Shanks. "You get bottlers handling 30, 40 or 50 different products and you have to increase spending levels to keep your market share just from eroding."

Don Tassone, spokesman for Procter & Gamble's Crush brands and Hires Root Beer, says, "It's been a very good year for our brands, but we don't like to comment on sales figures. We expect further growth in '84 because of improved products, new marketing plans and an improved relationship with our bottlers."

Tassone says while a saccharin-sweetened, low-calorie Hires is on the market, P&G expects to introduce a NutraSweet reformulation within '84. In addition, Tassone says diet brands of Crush should also be introduced within the year using NutraSweet.

Also, 1983 proved an exciting year for mixers with the introduction of Seagram's mixers, which by the end of '83 had penetration in markets that accounted for over 22% of the mixer segment, according to Jerome M. Will, senior vp-Premium Beverages, a subsidiary of New York Coke and franchiser of the mixers.

"We should more than double that in '84," anticipates Will. According to

Per capita consumption of soft drinks

	Million Cases Consumed	Gallons Per Capita
1983	6,480	41.6
1982	6,200	40.2
1981	6,035	39.5
1980	5,875	38.8
1979	5,700	38.1
1978	5,500	37.1
1977	5,260	35.9
1976	4,890	33.7
1975	4,460	31.0
1974	4,460	31.4
1973	4,440	31.5
1972	4,200	30.1
1971	3,950	28.6
1970	3,675	27.0
1969	3,475	25.9
1968	3,300	24.8
1967	3,100	23.5
1966	2,910	22.3
1965	2,625	20.3
1964	2,430	19.1
1963	2,245	17.9

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Beverage Industry
April 1984

Source: Lehman Bros. Kuhn Loeb Research

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Maxwell, the line sold 6.9 million cases in 1983.

"We really surprised ourselves with the success of the brand," says Will. "Every place we introduced it, the entire mixer category grew. Internally, we met all of our goals, and we're further ahead than expected in our five-year plan.

"Until last year, it's a category that's been kind of sleepy. Seagram's Mixers have brought about a blossoming of the potential of the market," adds Will.

Canada Dry also knew success in '83 with a 9.8% increase in sales in its mixers, while Schweppes grew slightly with a 2.1% increase, according to Maxwell. Ginger ale, the company's flagship brand, grew 11.8%.

> *"John Maxwell will probably show diet Coke to be the No. 5 brand in America... We think that's incredible and we agree with his analysis."*
>
> *—Brian Dyson*

Some private label firms, particularly supermarket beverage lines, enjoyed excellent years. Safeway's Cragmont was up 9.4%; Kroger's Big K jumped 11.3%; Winn-Dixie's Chek increased 16.7%.

An official from Winn-Dixie says that despite some successful new product introductions in '83 by the majors, he believes some private labels were successful because of consumer confusion caused by so many introductions. "Companies like Winn-Dixie didn't get into that battle," he says.

What's ahead for '84? "The bottom line is that we feel it is going to be a particularly difficult year. Another good summer seems likely. The economic pick-up has occurred and the impact of new product introductions will probably wind down," says Maxwell.

He adds: "Thus, we would not be too surprised to see a relatively flat year domestically. Also, the fast-growing aseptic packaging being used by the broad juice market should compete greatly with the soft drink market."

Another industry official says, "I think there will be a big shake-out and the effects of the new products will wind down. In fact, we'll probably see some of them disappear from certain markets. But first we'll probably see a disappearance of packages. If a brand doesn't move, bottlers will probably continue all but one package of the brand." ☐

The top ten: '73 vs. '83

Sales*	%/market	Brand	1973 Rank	1983 Rank	Brand	Sales*	%/market
1,190.0	26.7	Coca-Cola	1	1	Coca-Cola	1,455.0	22.5
777.4	17.4	Pepsi-Cola	2	2	Pepsi-Cola	1,095.0	16.9
317.7	7.1	Seven-Up	3	3	Seven-Up	352.0	5.4
208.7	4.7	Dr Pepper	4	4	Dr Pepper	317.5	4.9
165.0	3.9	Royal Crown	5	5	Diet Coke	209.0	3.2
97.0	2.2	Tab	6	6	Sprite	180.0	2.8
95.0	2.1	Sprite	7	7	Mountain Dew	175.0	2.7
60.3	1.4	Diet Pepsi	8	8	Tab	173.0	2.6
46.6	1.0	Canada Dry**	9	9	Diet Pepsi	156.0	2.4
44.0	1.0	Fresca	10	10	Royal Crown	134.6	2.1

*In millions of cases

**Ginger Ale

Copyright: Beverage Industry & John C. Maxwell
April 1984

A decade of top tens

Top four remain the same; newcomers crack BI chart

Analysis—Since 1973 there have been no changes in the top four brands in **Beverage Industry's** chart of top ten beverages, but all that might change next year. Diet Coke, a newcomer, made its first appearance on the chart in the number five position in 1983 and insiders say the brand is currently growing at a rate which could catapult it into the number three slot by the end of this year.

Mountain Dew, a shaky performer in recent years, is the other newcomer to crack the top ten in the past ten years. Purchased by Pepsi in 1964, the brand took off and made its first appearance on the top ten in 1975 when it edged out Canada Dry ginger ale by a half million cases for the number nine position.

Although Mountain Dew's sales were flat in 1983, the brand's sales today are more than triple what they were in 1975. It is the number two brand in Pepsi's stable.

Canada Dry Ginger Ale sales have been growing consistently in recent years (they're almost double what they were in 1973), but it dropped out of the top ten in 1976. This year the product is in the number 14 position.

A victim of the cola wars, Royal Crown Cola has been the only brand in the top ten which has lost sales over the past ten years. In 1973, RC was solidly ensconced in

(Continued on page 53)

The second ten

Rank	Brand	Sales*	%/market	'82 vs. '83
11	Sunkist	98.0	1.5	+2.1
12	Pepsi Free	95.0	1.5	–
13	Diet Seven-Up	85.3	1.3	+8.0
14	Canada Dry Ginger Ale	76.0	1.2	+11.8
15	Sugar Free Dr Pepper	73.9	1.1	−9.3
16	Sugar Free Pepsi Free	65.0	1.0	+225.0
17	A&W Root Beer	44.6	0.7	+4.7
18	Mello Yello	42.0	0.6	−16.0
19	Canada Dry Club Soda	32.8	0.5	+9.6
20	RC 100 Sugar Free	29.8	0.4	−11.6

*In millions of cases

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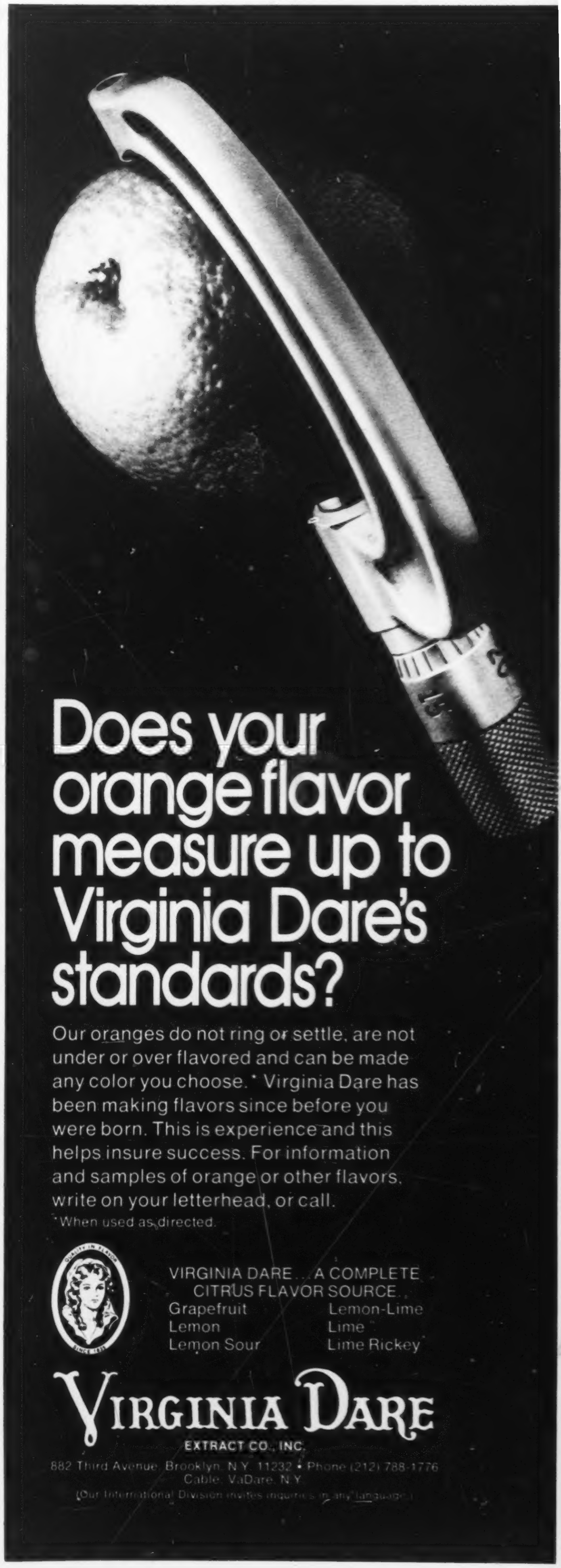
April 1984



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Circle No. 176 on Reader Service Card

Profitability in full-service vending systems

(Continued from page 47)
mote reading of venders activities without requiring a routeman to obtain the data with a portable reader (interrogator).

This telecommunications capability gives the bottler actual sales data on a real-time basis. Therefore, machines can be service based on their actual inventories rather than on historical sales trends.

The advantage of such real-time data collection is that it allows the bottler to accommodate the wide variation in the vender's day-to-day sales.

This system combines machine monitoring functions with a computer based analysis system to provide a complete full-service vending machine data collection and data analysis system. The Smart Vender System includes a variety of sales analysis reports that can be used to maximize the product sales for each account.

Since Smart Vender monitors the quantity of coin and product in the machine it gives the bottler total accountability. It also allows the bottler to schedule service more efficiently because it records exactly when sales occurred.

Various Smart Vender monitoring inputs also inform the bottler of maintenance problems before they become severe. Thus, it greatly improves the customer service.

Many vending machine manufacturers are also showing great interest in providing the industry with top-of-the-line electronic technology. Dixie Narco and Choice Vend have announced that they are in the final processes of testing electronics in their newest equipment.

• For more information on **Coinco**, circle no. 303 on reader service card; for **Mars Money Systems**, circle no. 304; for **Metretek**, circle no. 305. ☐

Coinco's M-300 Electronic Changer and Gold Box A-16.

A decade of top tens

Top four remain the same; newcomers crack BI chart

(Continued from page 19)
the No. 5 position and had been for years. While the company has been busy opening new segments via innovation, the brand's sales have dropped an average of 3 million cases or 1.8% per year over the past decade.

RC Company's total sales, however, still rank it in the fifth position.

Until the emergence of diet Coke, Tab was Coca-Cola's consistent winner in the top 10 diet sweepstakes. In 1982, the product was ranked fifth, a comfortable 57 million cases in front of Diet Pepsi.

That margin has dropped to 17 million cases and Tab was in the number eight position last year. Diet Pepsi has also suffered some cannibalization as the result of recent product segmentation and the diet Coke success. The product was in number eight position in 1973, but dropped to ninth this year.

If diet Coke continues to perform as the prognosticators in Atlanta say it will, it could further shake up future top 10 listings next year. In addition, there are several brands seemingly poised to make their run for the elite listing.

Sunkist, for example, made the top 10 list three years ago, but was edged out in 1983. Its 98 million case sales is only 35 million short of the No. 10 spot. Pepsi Free, the leading caffeine-free and also an '83 newcomer, is in 13th spot with 95 million cases. Two others—Diet Seven-Up and Canada Dry Ginger Ale—are also within striking distances of the top 10. ☐

A&W scoops competition with new ad campaign

(continued from page 4)
among our current consumer base."

Michael Weinstein, senior vp-marketing for A & W, told **Beverage Industry** that the $2 million-plus campaign will cover approximately 85% of U.S. homes during two weeks in June and two weeks in August. Prime time (7-11 p.m.), early fringe (3-7 p.m.) and daytime slots are targeted for the ads featuring the A & W Root Beer float.

Weinstein also told **BI** that the company will begin airing its new "Pour Yourself A Frosty One" spot beginning April 9. The spot features two lumberjacks in a bar that order up A&W after a long day of work. Company officials say that a heavy media schedule will run through Labor Day. In addition, A&W will continue its popular "That One Calorie Frosty Mug Sensation" spot for Sugar-Free A&W.

• For more information on the **A&W Root Beer** float campaign, circle no. 306 on service card. ☐

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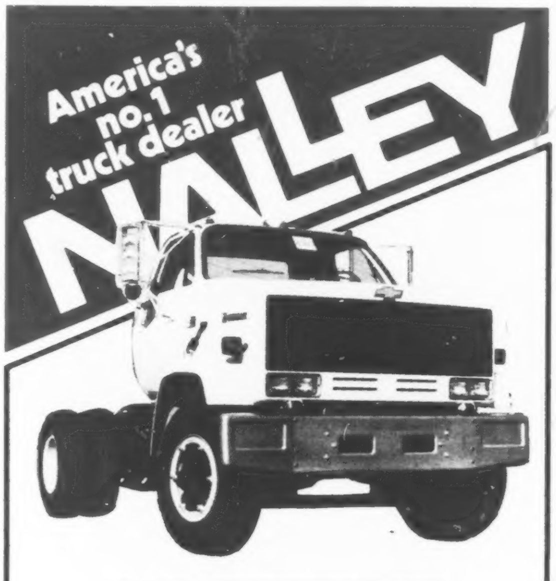

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Circle No. 151 on Reader Service Card

Bulk soda sales slow for 6th straight year

(Continued from page 4)

at 9.8%. Meanwhile, one-way glass was up to 6.5% and can sales increased to 3.6%. Refillables, however, decreased to 6.5%.

Why has the meteoric rise of the bulk package market slowed to a snail's pace?

Perhaps the most important answer is the rise and subsequent leveling of the fast food industry. The intense proliferation and diversification of the fast food industry in the late 1960s and through the 1970s was a tremendous lift to the bulk beverage segment. Consider this: In 1965, the market share percentage of bulk was 12.9%; in 1982, 22.8%. Many new fast food chains began operations within the past 16 years and have saturated the U.S., increasing bulk sales.

But the poor economy in 1981-1982 hampered the purse strings of many Americans, particularly the unemployed. The result was that many American families tightened their economic belts, cutting their spending to the necessities. Many fast food restaurants experienced poor-to-modest earning statements that, of course, affected their bulk soft drink sales. Thus, the bulk segment experienced the same poor-to-modest growth in the past couple of years.

Attractive alternative

The large soft drink firms continue to hold onto a very hefty share of the bulk market with Coca-Cola outpacing Pepsi. This arrangement, however, could very easily change.

One of the reasons is because the bag-in-box dispensing system is becoming more of an attractive alternative to steel transfer tanks.

With a cheaper, initial cost outlay, bag-in-box systems may become a staple at many "mom-and-pop" outlets. The bag-in-box, a metallized bag enclosed in a corrugated cardboard box, costs approximately the same as it did last year—$1.65 each, according to one industry source. The cost of a stainless steel tank is relatively the same also, a little more than $35.

The bag-in-box dispensing units, considered to be relatively new to the soft drink industry, work with the aid of an electric or air pump. The pump pulls the syrup out of the bag up to the soft drink dispenser.

The units, however, are not without detractors. Some believe that problems in designing an efficient pump have held back the development of the system within the industry. But, an industry source believes that such problems with bag-in-box are not that viable and only perceived, claiming that manufacturers have made significant inroads in the past year.

One source says that there is no question that bag-in-box units will displace stainless steel tanks.

B-in-B vs steel

As **BI** asserted in last year's report, bag-in-box units are more practical than steel tanks for one-time events because of obvious cost and disposable features. Many industry observers will have an opportunity to analyze such events because of the Summer Olympics in Los Angeles this year. Sales percentages may rise sharply this year because of the summer games, at least in the southern California market, said one industry analyst. Emphasis is being placed upon bag-in-box systems in the market by parent companies, making the dispensers available to bottlers and restaurants in anticipation of the summer games, he says. Such an emphasis, meanwhile, could very well increase the market share for bulk sales of bag-in-box.

Bulk soft drink

Year	Bulk Sales (Mil.12-oz.)	Percent Increase
1983	23,490	+ 5.4
1982	22,288	+ 4.7
1981	21,287	+ 3.7
1980	20,518	+ 4.6
1979	19,612	+ 8.9
1978	18,008	+ 9.4
1977	16,446	+13.2
1976	14,526	+12.0
1975	12,969	+ 1.6
1974	12,761	+ 5.7
1973	12.069	+ 9.2
1972	11,049	+ 5.4

Source: National Soft Drink Association, 1972-83

Copyright: Beverage Industry
April 1984

Steel transfer tanks, however, will have their share of the market on sheer dollar value. Many bottlers and institutional firms have invested heavily in steel tanks and will not immediately forego them for the less-costly bag-in-box systems. Therefore, many companies will continue their use of steel tanks for as long as the tanks last. One source revealed that steel transfer tank suppliers may expect a level sales growth in the future, giving credibility to the fact that such dispensing systems can be less costly than bag-in-box.

Bag-in-box suppliers, meanwhile, are aggressively attacking the marketplace. Coca-Cola USA recently announced a new soft drink dispenser targeted for low-volume office and retail locations that do not have soft drinks. Known as the "Beverage Technology System," the unit is self-contained and dispenses cold soft drinks from a system about the size of an office coffee brewer. The unit weighs only 53-lbs., according to company spokesmen.

Bag-in-box is not limited to soft drinks either. Silverstone Cellars of Elk Grove, CA, recently entered the bag-in-box wine market.

Marketing figures indicate that bag-in-box purchases will total approximately 10% of wine gallon sales in 1984, according to Thomas P. Kelley, vp-marketing and gm of Gibson Wine Co., the producer of Silverstone Cellars. "Bag-in-box has definitely become an established segment of the wine industry," he told **BI**. Kelley says that bag-in-box wines stay fresh longer, are more convenient to handle and serve.

Ken Harlow, product manager for Liqui-Box Corp. in Worthington, OH, concurs with Kelley. Sales for Liqui-Box's bag-in-box systems were up in 1983. "We'll definitely expect sales to be up in '84 and substantially higher in 1985," he says. At presstime, Harlow told **BI** that Liqui-Box will have a bag-in-box innovation later this year.

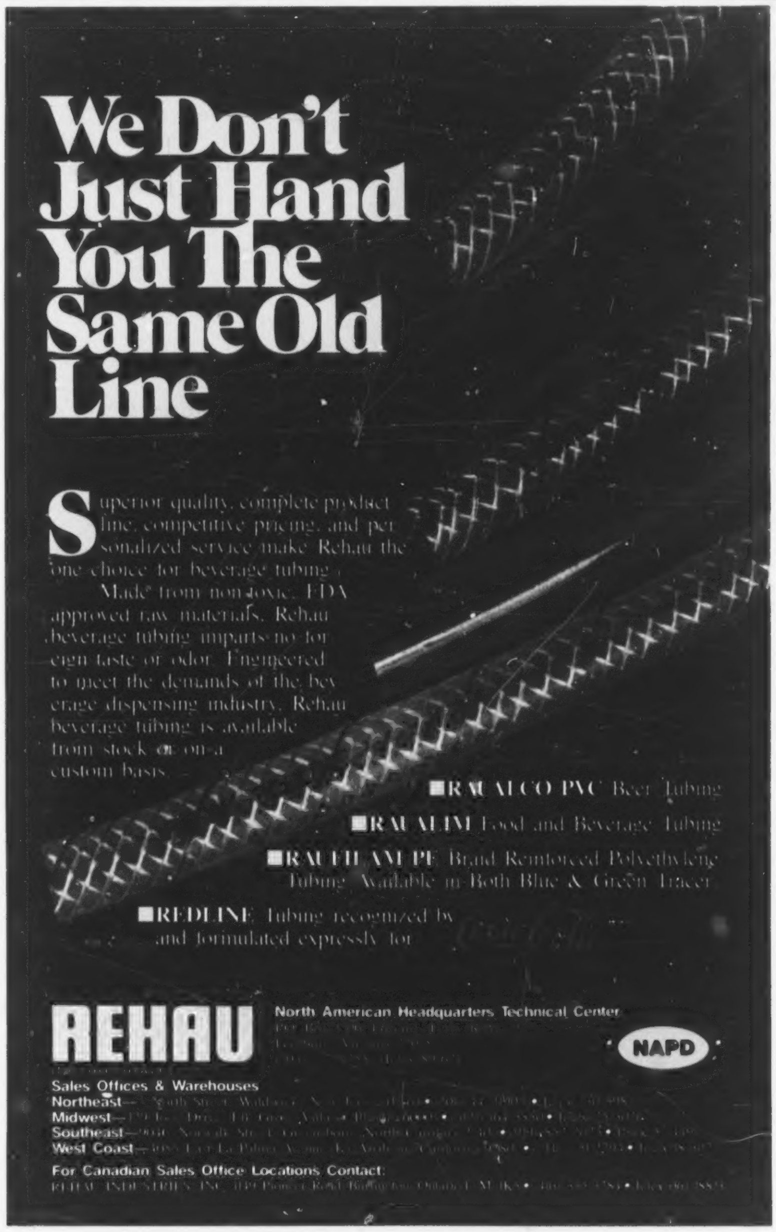
Liqui-Box, the only company that manufactured a bag-in-box unit field-tested by Pepsi-Cola, has also been approved by Dr Pepper, Dad's Root Beer, Royal Crown Cola, and Nestle's. In fact, says Harlow, General Foods has approved Liqui-Box's bag-in-box dispensers for its line of lemonade beverages, including Country Time.

Harlow, who claims that Liqui-Box is the only dispensing firm that offers installation teams and deferred payment plans for clients, says that his company's systems leave "less than an ounce" of beverage residue using pumps. "We can operate with any kind of pump," he says.

Another bag-in-box manufacturer believes that the time is ripe for major franchise firms to approve the use of the dispensing unit. "Our plea is: 'The time is now to start buying,'" says Kenneth Hartung, marketing director of B-Bar-B, Inc., located in New Albany, IN.

"We don't expect Coke and Pepsi to just throw away the steel tanks. It'll take time for companies to realize the advantages of bag-in-box. We'll be here for a long time," he told **BI**. "We're very positive it will (franchise approval) happen in '84," he says.

Hartung realizes that Coca-Cola and Pepsi-Cola, the two largest franchise companies, can pace the industry if the two firms approve the use of bag-in-box dispensing systems for fast food restaurants. "Coke and Pepsi control the industry, much more than other companies. So they will have to make the conversion first before everyone else makes the switch," he says.



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Because of the limited space most fast food restaurants have, Hartung concurs that post-mix bag-in-box systems would be more advantageous than transfer tanks.

B-Bar-B, says Hartung, has developed a new coupler called "Kwik-Konnect." According to Hartung, "Kwik-Konnect" is the first coupler that looks and works like a transfer tank's coupler. "It's not everyday that you can make something better and cheaper," he says.

> ***"There are cost advantages to bag-in-box over steel tanks. Cleaning . . . them costs a lot of money," says Cornet of Scholle.***

The company's current bag-in-box unit, "Syrup Pak," was introduced into the market in 1981 at the NSDA convention in Los Angeles. "A lot of reasons why bottlers like the 'Syrup Pak' is because they think it will sell more syrup. We think it (Syrup Pak) will be more productive," he says.

Hank Cornet, marketing director of the Scholle Corp. in Northlake, Ill., told **BI** that the market for bag-in-box units "should double" in the next five years, attributing the growth to the tremendous cost-savings of bag-in-box over steel transfer tanks.

Cornet, who says that Scholle Corp. opened a plant in South Africa last year, reports that his firm developed automatic fill-fast units in 1983. "It fills 400 bags and automatically drops them in the box," he says. "The machines fill eight 5-gal. bags per minute," he claims.

Sales in '83 compared to the previous year were "up tremendously" for the company, says Cornet, giving credence to the belief that more retail beverage outlets are looking at bag-in-box systems to reduce their costs. Says Cornet: "There are cost advantages to bag-in-box over steel tanks. Cleaning tanks and having them filled again costs a lot of money."

Cornet points out that Scholle Corp. has 13 plants in the U.S., one in Canada and one in Australia to coincide with the plant in South Africa.

Pumps

Pumps for dispensing systems are becoming just as innovative as the dispensers themselves, according to several manufacturers who talked with **BI.** More companies, realizing the potential market for bag-in-box systems, are beginning to offer dispensing manufacturers several choices in pumps.

Such a pump manufacturer is Electronic Dispensers International (EDI) of Reno, NV. Ken Wogberg, director of marketing and sales, told **BI** that his firm is featuring the "RP" (Reciprocating Pump) pump for bag-in-box systems. Wogberg says that the company originally manufactured the "RP" pump for beverage dispensing systems, but since its introduction into the market other non-beverage companies have found uses for the unit.

Possessing "exceptional durability," the company's "RP" pump removes "almost all" of the beverage's residue from bag-in-box units, says Wogberg. "But there must be a good seal within the bag," he told **BI.** "A good seal is mandatory for all residue to be removed," he says.

Modified pumps are characteristic also of the SHURflo Pump Co. of Anaheim, CA. Marty Bergeson, vp of industrial marketing, told **BI** that his company has designed a "gas-operated diaphragm pump that is totally automatic." When some bag-in-box systems run dry, explained Bergeson, some pumps need to be reset manually. "Not so with our pump. The pump resets itself," he says.

"There is a lot of demand for the pump. Sales are very good for the system," he adds.

"The pump is easier to install," he says, adding that such companies as Dr Pepper and Sunkist are testing the pump. "Shasta is the only beverage company," he says, "that is using the 'RP' pump exclusively. The majority of the users are wine producers, like Gallo." He believes that "within 30 to 60 days" bag-in-box will become a major part of EDI's business.

Wogberg says that EDI manufactures "about 1000 pumps" a month. "That's a conservative estimate," he told **BI**, adding that the future looks good.

- For additional information on **B-Bar-B,** circle no. 206; **H.A. Brown, Inc.,** no. 207; **Cornelius,** no. 208; **DCI Inc.,** no. 209; **Electronic Dispensers Inter.,** no. 210; **Foxx Equipment Co.,** no. 211; **International Beverage Supply Inc.,** no. 212; **Kenco Products Corp.,** no. 213; **Liqui-Box Corp.,** no. 214; **McCann's Engineering Co.,** no. 215; **Potter & Rayfield, Inc.,** no. 216; **Rutter, Pongrass & Assoc., Inc.,** no. 217; **Scholle Corp.,** no. 218; **SHURflo Pump Co.,** no. 219; **Spartanburg Steel Products Inc.,** no. 220; **Susi Corp.,** no. 221. ☐

Sales up 10%-30% as Dr Pepper, Berni Corp. team up for 'facelift'

GREENWICH, CT—After undergoing a packaging "facelift" and weeks of test marketing, sales of the new look Dr Pepper have increased 10% and 30% for regular and sugar-free products, respectively— without any additional advertising support.

Officials of the Dr Pepper Co. had begun to question whether or not their firm's flagship brand was beginning to lose its pop. When sales were flat, a second opinion was sought. The Berni Corp., a national marketing, design and research firm, was retained. Officials of the Greenwich-based firm ascertained that the Dr Pepper brand's appeal to a younger market could be improved by redesigning the package.

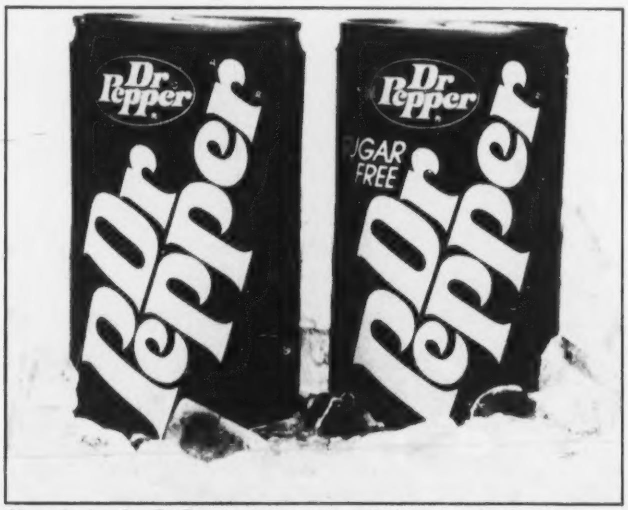
The Berni Corp. achieved its redesign goal by enlivening the familiar graphics and color schemes of Dr Pepper. The redesigned system, according to Berni Corp. spokesmen, is characterized by a greater compatibility or a "family look" between the regular and sugar-free presentations.

The Dr Pepper brand name, integrated with a red "flavor ribbon," is laced on an angle to further underscore the energetic, dynamic and upbeat image consistent with the product's positioning as a "fun and original product for youthful thinking consumers," says Berni Corp. representatives. Packaging is scheduled for a national roll-out this spring.

"Our Dr Pepper 'Brand Communications and Packaging Program' was specifically designed to aggressively capture increased sales and market share," explains Stephen H. Berni, president of the firm. The company's research of the new package design consisted of consumer packaging 'equity testing,' consumer focus groups, photographic field research audit, and interviews with Dr Pepper management.

The new graphics have been applied to Dr Pepper venders, trucks and various point-of-purchase materials.

- For more information on the **Berni Corp.,** circle no. 205 on the reader service card. ☐



New design for Dr Pepper has apparently increased sales by appealing to more youthful consumers.

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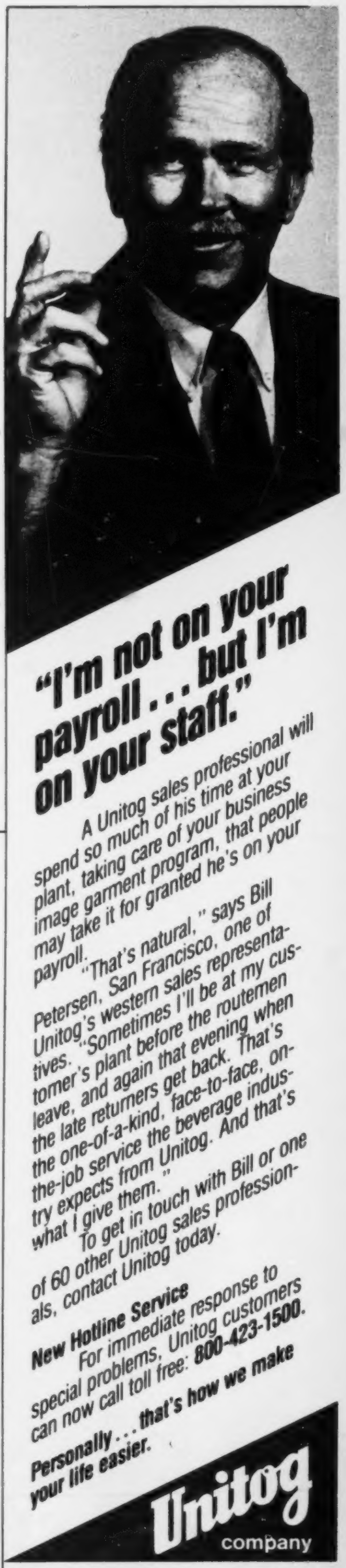

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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Cola	312.4	312.7	.1	305.0	2.5
Other carbonated soft drinks	146.3	147.6	1	144.6	2.1
Noncarbonated drinks	140.5	141.0	.35	138.8	1.6
Wine	234.8	235.7	.38	237.5	(1)
Beer and ale	224.4	225.4	.46	211.4	6.6

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Closures for Beverages (thousands of gross)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Metal (for spirits, wines)*	90,063	78,598	(12.8)	43,307	81.5
Plastic (for spirits, wines)*	113,980	148,871	30.6	143,921	3.4
Metal Crowns (beer & soft drinks)	15,530	14,756	(5)	24,652	(40)
Soft drink (convenience and conventional types)	6,155	6,989	13.5	10,114	(31)
Beer (convenience and conventional types)	9,348	7,767	16.9	14,538	(47)
All other metal closures other than crowns	9,281	8,898	4.1	6,587	35.1

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Glass Bottle Production Total Bottles:	26,251	26,807	2.1	29,226	(8.3)
Beverage: Refillable	350	340	(2.9)	398	(14.6)
Nonrefillable	5,400	5,991	11	6,343	(5.5)
Beer: Refillable	331	175	(47)	134	(31)
Nonrefillable	9,281	9,183	(1.1)	10,121	(9.3)
Liquor	1,127	1,150	2	1,254	(8.3)
Wine	785	855	8.9	727	17.6
Plastic Bottle Production* Carbonated beverages	188,619	237,579	26	213,150	11.5

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Soft drinks	325	327.1	.64	318.8	2.6
Alcoholic beverages	206.4	206.7	.15	199.7	3.5
Beverages and beverage materials	263.4	264.5	.42	257.1	2.9
Packaged beverage materials	324.3	324.7	.12	319.4	1.7

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Imported Beverages (proof gals)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
Beer*	18,922,755	18,069,334	(4.5)	NA	–
Whiskey	4,121,614	7,412,365	80	NA	–
Brandy	369,449	325,018	(12)	NA	–
Gin	564,845	482,895	(15)	NA	–
Rum	150,648	122,807	(18.5)	NA	–
Cordials & liqueurs	642,349	522,621	(18.6)	NA	–
Others	627,778	928,440	48	NA	–
Total	25,399,438	27,863,480	9.7	NA	–
Sparkling wines	737,920	694,264	(5.9)	NA	–
Still wines, table	9,122,165	8,886,257	(2.6)	NA	–
Still wines, fortified	159,627	156,639	(1.9)	NA	–
Vermouth	126,061	182,066	44.4	NA	–

*Includes ale, stout, porter
NA: Not Available
Source: National Association of Beverage Importers, Inc.

Sweeteners (cents per pound)

	September 1983	October 1983	% Change	October 1982	October '82 vs. October '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	–	NA	NA
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–	14.25	–
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–	32.20	–

NA: Not Available
Source: The Journal of Commerce

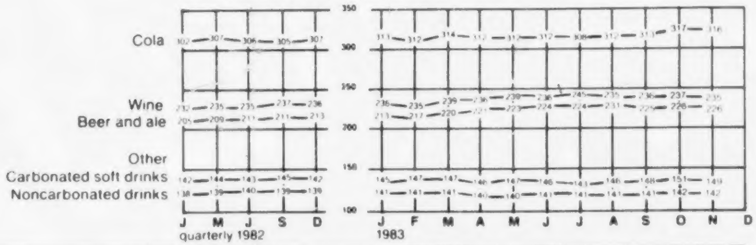
Alcoholic Beverage Removals (barrels of 31 gals)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Beer	17,334,301	17,103,625	(1.3)	16,328,649	4.8
Wine*	35,442,114	29,652,854	(16.3)	26,976,976	10
Spirits*	32,452,675	24,693,465	(24)	24,058,070	26.4

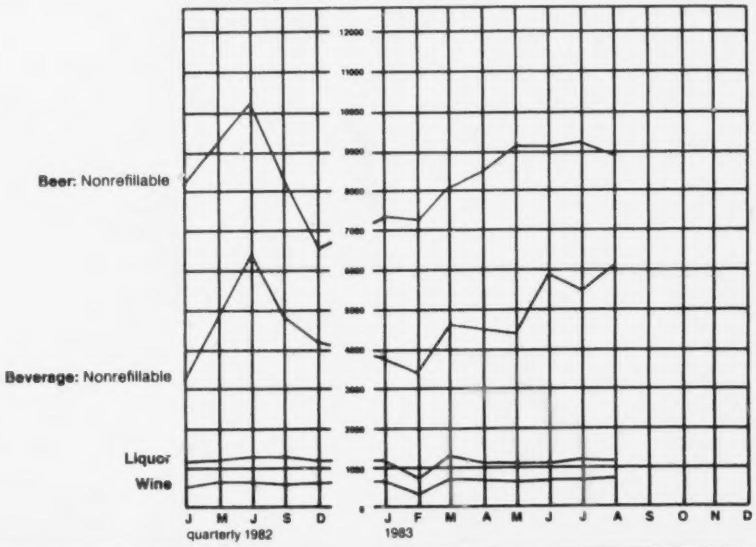
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

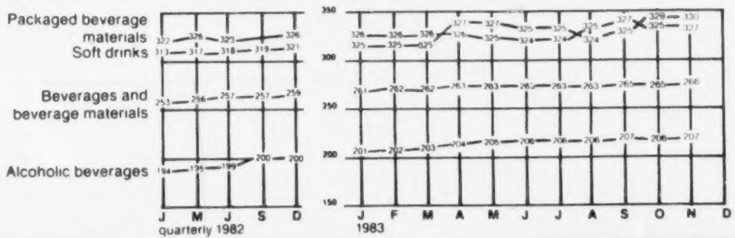
1983 Consumer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



1983 Producer Price Index (1967 = 100)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

Seeking an edge with beverages

Promotions just as vital as prices for food chains

by Arthur Zimmerman

SPECIAL REPORT—The name of the game among fast food chains is to continually evaluate beverage sales as a means of either increasing marketshare or profitability. The result is a more or less constant state of change in the beverage component as individual chains find what they believe to be a competitive opportunity.

Thus, Burger King recently switched from Coca-Cola to Pepsi-Cola because of Pepsi's promotion and tie-in package while the Church's Fried Chicken chain went in the opposite direction from Pepsi to Coke for Coke's promotion package and distribution system.

"With Coke we'd always be second fiddles," says John Weir, director of public relations for Burger King. "We wanted to be one company's largest market.

"Price," he adds, "was not an issue. It was within pennies per gallon." Among the promotions he's looking forward to are one tying-in with the Olympics and another on stock car racing. Church's Larry Sharp, who handles beverage accounts for the chain, says: "When we changed from Pepsi, we listened to all economic possibilities. But if the products are equal and so are quality and service, we'll look at promotion or volume incentives." Church's franchisees can "go in any direction" for distribution, Sharp says, either to a local bottler or on a national account through headquarters.

Local promotions are similar to those introducing new products, such as offering the beverage free with a family-sized box of chicken. "Soft drinks are one of two or three most profitable products," says Sharp. "People don't mind paying more for them because of the convenience."

T.J. Evans, marketing director for Shoney's Captain D's Seafood chain, acknowledges the high profitability of beverage sales. "It's fantastic," he says, but emphasizes the service aspect in brand selection. "I think you've got a 'given' on the accepted syrup brands across the country," he says.

"After that you want to be sure you've got somebody who can service the fountain heads. For us, that gets down to a local situation, a local businessman helping a local businessman. His entire reputation may hang on how he handles our restaurants. That's why we are so strong on Pepsi."

Ponderosa Steakhouse Div.'s George Kirkpatrick, marketing vp, points out how the beverage component can be used for other than optimizing profits. "Beverages are one of the more profitable food items in our total mix," he says, "But we elect to dilute that profit by giving more of the product to our customers. We are one of a very few, at least among the larger chains, which offers our customers free unlimited beverage refills."

Burger King recently announced it was testing a similar program. When a customer orders a soft drink, coffee or tea, he is given an empty cup and invited to fill it up himself at a dispensing area in the front of the store.

Promotion incentive

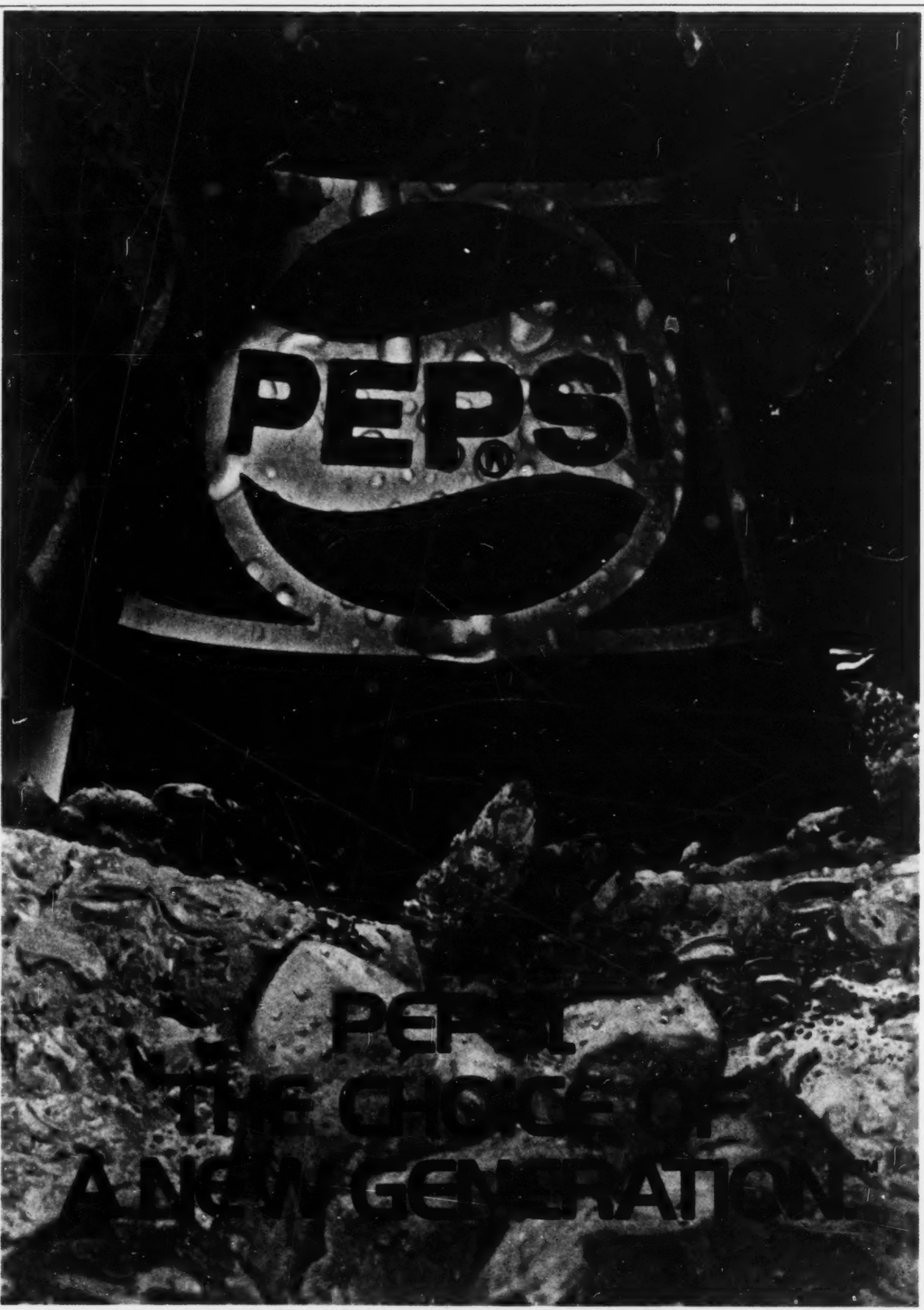
Because beverages are used as a promotional incentive to attract more customers, Kirkpatrick doesn't even keep track of beverage sales as a percentage of total sales.

"Another factor is the pricing points involved," he says. "A porterhouse steak at a Ponderosa costs quite a bit more than a quarter-pounder at a McDonald's. So the beverage sales percentage on the whole moves around a great deal from chain to chain, and is essentially meaningless."

A spokesperson for Kentucky Fried Chicken says that beverages make up about 5% of total sales in their stores. The firm does not dictate what brands will be used in each outlet.

"We leave it up to our franchises and they generally go with whatever is more popular in their specific markets," comments the spokesperson. As for changes in brands, the most recent one has been a shift from Tab to diet Coke in the outlets which handle these brands.

Taco Bell's Perry Robson, marketing manager, says: "I would say beverage sales as a percentage of total sales would average somewhere around 20% for the industry as a whole." As for profitability, Robson says: "I think you will find beverage and paper, which is the way much of the



Pepsi, Pepsi-Cola, and The Choice of a New Generation are trademarks of PepsiCo, Inc.

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industry looks at it (that's beverage, cup, lid, and straw), cost of sales would be about 25% on average."

Robson is currently evaluating four special areas for Taco Bell, in none of which does he believe the company has the ultimate final answers yet.

The take-out problem

First is the tendency, as the company grows with drive-through windows, to encounter consumer reluctance to buying beverages in that way. This phenomenon has been annotated by the CREST survey boards. Generally beverages move with about 65% of all orders in fast food restaurants, say the CREST reports, but there is 20% less likelihood of beverages moving with a take-out order.

Taco Bell is experimenting with packaging and promotions to overcome this problem.

Secondly, there is cup size strategy.

Says Robson: "We are pretty firmly in place with a four-cup size strategy, whereas I believe most of the country is at three sizes. Recently, though, we have been getting some indications some chains on the West Coast are looking at the fourth size in part to blunt competition with 7-11 Big Gulp-type deals; you know, to have a real up-size cup or portion."

Taco Bell uses 12-, 16-, 20-, and 32-oz. sizes, though Robson notes there is tremendous variation across the country. "One of the things being looked at is going to a 12-, 20-, 32-oz. pattern, making that jumbo size the large size, if you will," he says.

Another special issue at Taco Bell is whether to incorporate low calorie and/or noncaffeine drinks as a standard part of the product mix. At this point, the company does include diet drinks but not caffeine-frees.

Captain D's Evans agrees: "We're not reacting to the caffeine-frees yet; we do have a couple diet drinks. But we've only got four heads in many places now and 70% of our business is still in sugared drinks. We've got to be very careful or we'll wind up with 15 heads."

As for production selection, Burger King's Weir says his firm takes an "extremely competitive" posture. The restaurants offer five drinks: Pepsi, Diet Pepsi, Mountain Dew and two optionals like the Patio line or Sunkist or "any other local favorite. In Texas, it's Dr Pepper; in the Northeast, Seven-Up."

Finally Taco Bell is just go-

(Continued on page 76)

Restaurant franchising—1983-1984
Distribution by major activity

	1983		Estimated 1984	
	No. of franchisee-owned	Sales ($1,000)	No. of franchisee-owned	Sales ($1,000)
Chicken	5,672	$ 2,222,676	6,292	$ 2,757,642
Hamburgers, Franks, Roast Beef, etc.	22,133	13,969,381	23,706	15,680,413
Pizza	7,943	2,706,832	9,033	3,248,509
Mexican (Taco, etc.)	1,869	719,776	2,072	828,009
Seafood	1,613	734,600	1,764	866,325
Pancakes, Waffles	1,126	596,811	1,190	635,115
Steak, Full Menu	5,328	3,811,676	5,633	4,311,241
Sandwich and Other	1,688	366,714	2,065	459,511
Total	**47,372**	**$25,128,106**	**51,755**	**$28,786,765**

Source: Franchising in the Economy, 1982-1984

Copyright: Beverage Industry
April 1984

"Go First Glass" promo launched into fourth year

WASHINGTON, DC—Glass Vending Association (GVA) launched in January its fourth consecutive program to increase sales of 10- and 16- oz. pre-labeled, single service bottles through the nation's soft drink bottlers, according to Bruce E. Oman, GVA director of marketing programs.

The program, carrying the familiar theme "Go First Glass," has been expanded for 1984 to include a bottler incentive program to encourage mass displays of single service glass in supermarkets. This segment of the program is aimed at increasing the number of glass vending machines on a nationwide basis, Oman says.

GVA claims more than 340,000 additional glass vendors have been placed through hundreds of U.S. soft drink bottlers since the program began in 1980. A key factor in accomplishing this increase, GVA says, is an incentive program that lets bottlers earn a four-cents-per-case credit on purchases of 10- and 16-oz. single service glass. Credits are then applied to the purchase of new glass vending machines or kits to convert can machines to glass.

A year ago, GVA revised the program in order to let bottlers apply part of their earned credits to cooler-shelf organizers and gravity-feed shelves in neighborhood convenience stores. The newest GVA program allows bottlers to use part of their credits to purchase warm-bottle single service glass stacking merchandisers for supermarkets. These merchandisers can be used only for single service glass.

Bottle bin merchandisers also qualify for credits, says Oman.

"Go First Glass '84" will be backed by extensive advertising to soft drink bottlers and retailers, and will include beverage, vending, supermarket and convenience store publications, Oman says.

Funding for GVA programs comes from participating glass companies. Over the past three years, companies have committed $24 million to cover the four-cents-per-case bottler incentive program as well as advertising, promotion and administrative costs, according to Oman. This year's program will result in another $10 million pledged by companies, he added.

- For more information on **"Go First Glass,"** circle no. 241 on reader service card. ☐

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New series of IH trucks 44% more fuel efficient

CHICAGO—The International Harvester Truck Group has announced a new series of linehaul tractors specifically designed for fuel efficiency. The "LCO" (lowest cost of ownership) models are said to be up to 44% more fuel efficient than tractors now in operation.

The new models are conventional cab F2375 and F2575 units that embody many of the features of the unit that set a record breaking 8.26 mpg average on a coast to coast trip last year.

Standard engine in the "LCO" series is the Cummins L10 F270, a lightweight model which develops 270 hp at 1900 rpm. Engine options include the Formula 300 and 350 models which also are noted for fuel efficiency. The standard transmission is the Spicer 1372 seven-speed unit except with the F350 engine.

The International F-2575 "LCO" joins the F-2375 in the new line of IH trucks just introduced.

The Fuller 11609 nine speed gear box used with that engine also is an option on other models. IH designed Spicer manufactured tandem drive axles are rated at 40,000 pounds with ratios of 3.73/1 with the L10 engine and 3.54/1 with the F300 and F350 engines.

One of the more unique features of the "LCO" models is the ETEC control system produced by TRW. The ETEC functions as a road speed governor, engine speed governor, and cruise control. Road speed generally is set at 60 mph at the factory with maximum cruise speeds of 58 mph.

IH engineers emphasize that the gear-fast/run slow has been employed for many years by better drivers to gain maximum fuel efficiency. The ETEC system and drivetrain mating simply make fuel economy mandatory on the new models.

Basic to the drivetrain package are Goodyear 285/75R24.5 low profile radial tires. Tests conducted by Goodyear have indicated a 5-6% fuel savings over conventional radials with improved tread and carcass life. Goodyear claims that with proper maintenance and rotation the original tread should give approximately 200,000 miles of service and the carcass should approach one million miles with retreads.

Another energy saving feature of the "LCO" models is factory install roof and cab fairings.

Fuel economy is claimed to be up to 12% greater than on combinations without wind deflection devices.

International Harvester President Neil A. Springer points out that deregulation, the depressed economy and high interest rates have combined to lower new truck sales a shocking 53% from 1979 to 1983. IH views production of trucks that deliver maximum fuel economy and low maintenance costs as a primary competitive tool.

● For more information on **International Harvester's** new series of linehaul tractors, circle no. 242 on service card. ☐

Promos just as vital as prices for food chains

(Continued from page 75)

ing to regional taste preferences in some locations; Dr Pepper in the Southwest, for example. Being owned by PepsiCo, Pepsi and Diet Pepsi are standard across the chain.

At Burger Chef, each franchisee decides which soft drinks to handle, according to Rick Bollinger. But each must offer at least one cola and one non-cola and have other offerings approved by the chain.

Distribution of soft drink fountain syrups varies from chain to chain, depending on size and company policy on centralized control.

McDonald's insists on having fountain syrups delivered to its central commissary which are then distributed to its restaurants. Ponderosa uses master distributors which accept the syrups from bottlers or on national accounts. Captain D's work closely with local bottlers.

Burger King buys all its drinks centrally and distributes them through Distron, a food distribution company wholly owned and operated by the chain.

Seasonality does not seem to make a great difference in soft drinks sold through fast food outlets. There is some variation, but Ponderosa's Kirkpatrick says: "The number of glasses of a cold beverage tends to hold rather constant between summer and winter; the thing that varies more significantly is the number of customers. More people tend to eat out in the warm six months of the year."

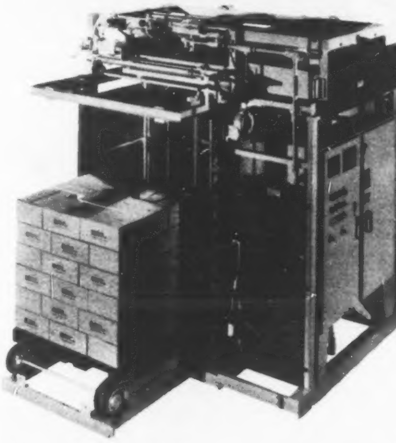
"You'd think there'd be a greater percentage of larger drinks sold in the summer," says Burger Chef's Bolling. "But it's not true. These beverages are largely sold in medium-sized glasses, and the numbers of small and large glasses sold in summer are not really enough to make a dent in the overall quantities."

While the kaleidoscopic patterns of beverage sales will continue to change with the fast food industry, it is certain they will remain a key part of competition in this, the fastest growing segment of the restaurant business in the U.S. ☐

Dad's agreement reached

Roy Gurvey, left, president of Dad's Root Beer Co. and Roy Lockyer, president of Canada Dry/Dr Pepper of Canada, signed an agreement naming the Canadian firm the franchise agent for regular and sugar free Dad's Root Beer for Canada. Lockyer reports that Dad's is already available to 65% of the Canadian population, although the program has been in effect for only several months.

PLEASING TO THE PALLET.



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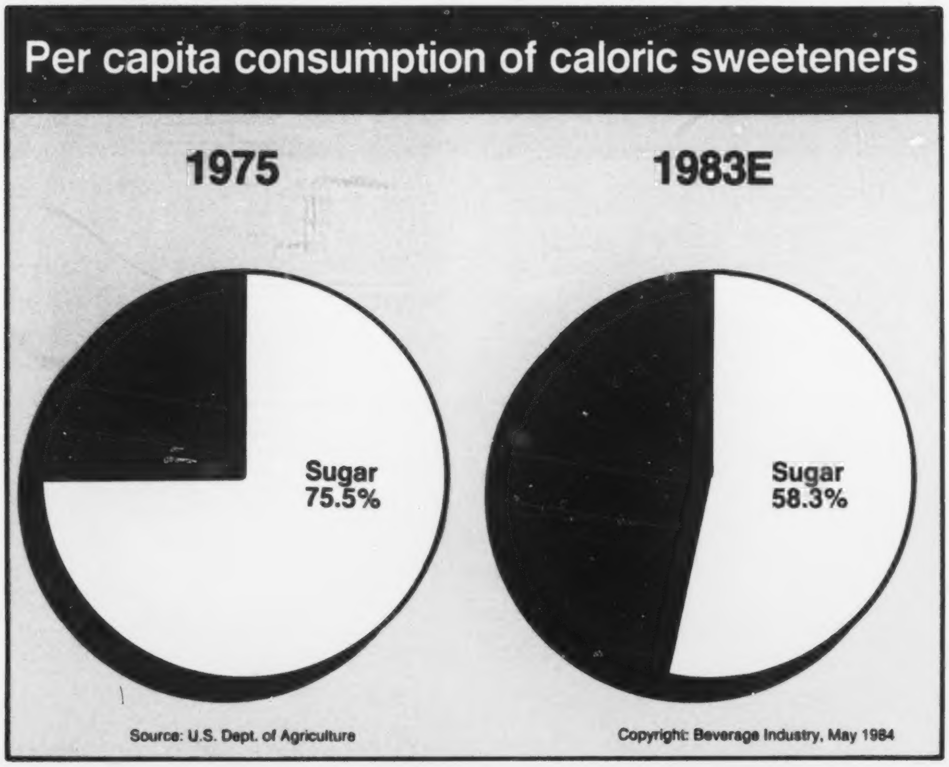


Source: U.S. Dept. of Agriculture

Copyright: Beverage Industry, May 1984

HFCS suppliers gearing to meet demand

EXCLUSIVE—The usage of high fructose corn syrup by soft drink bottlers has grown dramatically in recent years because of its economical price and increased approval levels by parent companies.

John C. Maxwell, Jr., **BI**'s director of research/statistics, looks for further increases in the amount of HFCS used by bottlers in cola shelf products and "would not be surprised to see a slight rise in fountain syrup usage as well." He adds that because of this, supply will be tight this summer.

Beverage Industry recently interviewed high-ranking officials at the industry's major HFCS suppliers. Included were Martin L. Andreas, president **ADM Foods**; John Sweeney, vp-Corn Milling Div., **Cargill**; Patric J. McLaughlin, vp-marketing and sales, **American Maize**; James F. Holsinger, vp-sales and marketing, **Hubinger**; Robert W. Spaeth, vp-sales, marketing and business management, **CPC International**; and, Wayne S. Martin, vp, **A.E. Staley Manufacturing Co.**

What follows is our questions and their responses to key questions affecting the soft drink industry.

BI: What is the current supply demand situation with regard to HFCS 55 and 42?

ADM: The demand on 55 is surprisingly strong for this time of year although there have been some factors that have helped that along like Coke's recent approval at 75%. Plus, it seems that the economy has picked up substantially. The bottlers, in general, tell us that they are having an excellent March. It looks as though they are starting to build inventories

(Continued on page 40)

BI Report

- **Trim, a low-calorie, caffeine-free product, is being tested by General Cinema Corp. in Atlanta and other undisclosed locations. Like most companies, GC maintains a "no comment" posture on new product ventures. However, BI learned that the product is being handled by what was described as a "totally separate" company, Trim Beverages Inc., which is located at the same address as GC's Sunkist subsidiary in Atlanta. Although General Cinema owns the Atlanta Pepsi franchise, the product is not being produced in that facility nor is it being marketed by the local bottler.**

It is sweetened with

(Continued on page 65)

Aseptics generate new flavor demands

SPECIAL REPORT—The advent of aseptic packaging in the U.S. is providing bottlers with the greatest opportunity to expand business since the introduction of diet soft drinks.

That's the consensus among top executives of leading independent flavor manufacturing firms who are reporting a windfall of new customers, several of whom are also predicting that soft drink bottlers, because of their extensive distribution networks, will eventually capture more than 90% of the aseptic beverage market.

Perhaps one of the most significant aspects of bottlers becoming increasingly involved in distribution of aseptically processed/packaged juices and drinks, according to one industry expert, is that a previously untapped segment of consumers — those 12 years old and under — is being opened up.

"We've been passing this segment of consumers for years," says Harold Bateman, president of Hurty Peck & Co. "But with bottlers entering the aseptic market, they'll be producing nutritious, good-tasting, high-quality products. This, no doubt, will have great appeal to the parents who do most of the buying for children in this category."

Based on present sales, most flavor suppliers indicate there is unlikely to be any immediate or dramatic change in flavor preferences amoung consumers. The "Big 4," as one supplier dubbed orange, grape, lemon and fruit punch flavors, remains strong.

What the industry *can* ex-

(Continued on page 12)

1983: 'Year of the Can'

CMI report reflects 8.1% can increase

WASHINGTON, D.C.—The "Year of the Can" is the only way to describe 1983 for the soft drink and retail food industries, says Michael Dunn, president of the Can Manufacturers Institute.

The reason? Total soft drink can shipments grew 8.1% in 1983, according to can shipment data compiled by Ernst & Whinney. The figures follow upon the heels of a 3.1% increase recorded in 1982.

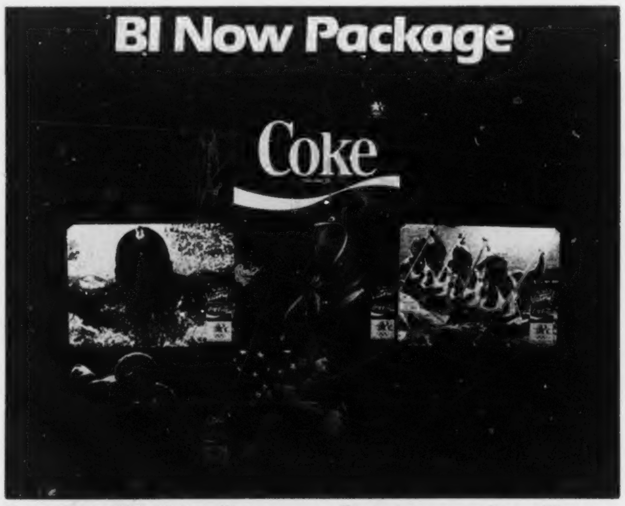
Soft drink can sales growth through food stores during last year was even more explosive, according to A.C. Nielsen. Can volume grew 12.3% from 10.3 billion 12-oz. units during the period of January through November 1982 to 11.6 billion cans during the same period in 1983. Meanwhile, overall soft drink volume in food stores grew by 5.8%, reflecting only half the can's growth rate. Cans, according to CMI, accounted for half the total 2.3 billion unit food store gain.

In five regions of the United States, 1983 can sales volume in food stores exceeded the 12.3% national growth rate average.

"The beverage can's spectacular showing in 1983 was the direct result of appreciation by bottlers of can profitability and can recycla-

(Continued on page 14)

BI Now Package



Coca-Cola USA kicks off a summer Olympics promotion with new packaging. See page 19.

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Features

1 **HFCS suppliers speak out**
High-ranking executives of the major HFCS suppliers say they can meet the growing demands of the soft drink industry while keeping a careful eye on quality and consistency.

1 **Aseptics generate flavor alternatives**
Flavor suppliers are predicting that bottlers will eventually capture 90% of the aseptic beverage market because of their extensive distribution networks. They also predict more sophisticated fruit flavors will begin to gain popularity.

4 **Survey reveals ingredient trends**
Beverage Industry's fourth in a series of 12 focus reports surveys ingredients suppliers on current purchasing trends. Suppliers of HFCS, citric acid and caffeine express their views.

22 **BI Battleground III: Phoenix**
One of America's fastest growing cities and one of its thirstiest, Phoenix is truly a battleground for bottlers and beer distributors. Discounting is a way of life here.

31 **Are leveraged buyouts dangerous?**
In his last installment of a three-part series, Ugo F. Ippolito discusses some of the dangers involved in leveraged buyouts and the elements necessary to complete one. They're not suited to all companies.

50 **Fixed-cost concept for trucks**
Bottlers and beverage distributors may find the maintenance of their fleets a big job, and at times bothersome. For them, the fixed-cost concept could eliminate some headaches.

page 1

page 22

Departments

Reader Service............7
Beverage Business Indicators..................9
NOW Package............19
Trucks.........................50
New Products............54
Newsmakers..............56
Supply House.............57
Ad Index......................64
Editorial.......................66
Classified....................73

Soundoff

"... The scientific panels conclusion that saccharin does not increase the risk of bladder cancer in man was based on the results of the International Research and Development Corp. (IRDC) study, the data from 12 epidemiology studies which indicated saccharin did not pose an increased risk in humans, and previous single generation studies in several species other than the rat which showed no increased risk of bladder cancer.

"The panel also took into consideration the current research of Dr. Andrew Renwick, University of Southampton, England, which has demonstrated that the biochemical and physiological changes occurring in the rat in high doses do not occur in humans under normal human consumption levels."

Kenneth H. Wilkinson
director of governmental affairs
International Research Development Corp.
summarizing an IRDC study evaluating the effect of saccharin on rats.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Cola	315.7	314.3	(.44)	307.2	2.3
Other carbonated soft drinks	149.4	148.8	(.40)	142.2	4.6
Noncarbonated drinks	141.8	141.8	0	139.0	2.0
Wine	234.8	232.1	(1.1)	235.6	(1.5)
Beer and ale	225.9	225.5	(.17)	212.6	6.1

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Closures for Beverages (thousands of gross)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Metal (for spirits, wines)*	75,946	63,752	(16.1)	48,407	31.7
Plastic (for spirits, wines)*	135,002	140,528	4.1	126,012	11.5
Metal Crowns (beer & soft drinks)	15,135	14,203	(6.2)	16,709	(15.0)
Soft drink (convenience and conventional)	5,591	6,189	10.7	7,512	(17.6)
Beer (convenience and conventional)	9,544	8,014	(16.0)	9,197	(12.9)
All other metal closures other than crowns	9,023	8,287	(8.2)	5,665	46.3

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Glass Bottle Production Total Bottles:	28,422	24,909	(12.4)	26,515	(6.1)
Beverage: Refillable	230	200	(13.0)	207	(3.4)
Nonrefillable	6,117	5,189	(15.2)	4,986	4.1
Beer: Refillable	167	184	10.2	21	776.2
Nonrefillable	8,966	7,391	(17.6)	8,240	(10.3)
Liquor	1,110	1,276	15.0	1,182	8.0
Wine	870	735	(15.5)	667	10.2
Plastic Bottle Production* Carbonated beverages	167,479	165,852	(.97)	225,052	(26.3)

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Soft drinks	330.3	331.6	.39	320.7	3.4
Alcoholic beverages	207.1	206.1	(.48)	199.6	3.3
Beverages and beverage materials	266.1	266.5	.15	259.0	2.9
Packaged beverage materials	326.9	330.0	.94	326.5	1.1

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Imported Beverages (proof gals)

	October 1983	November 1983	% Change	November 1982	Nov. '82 vs. Nov. '83 % Change
Beer*	17,320,101	16,133,442	(6.9)	15,391,364	4.8
Whiskey	11,264,760	7,331,946	(34.9)	8,178,756	(10.4)
Brandy	612,443	710,761	16.1	673,330	5.6
Gin	698,019	703,016	.71	655,186	7.3
Rum	135,705	121,034	(10.8)	126,409	(4.3)
Cordials & liqueurs	946,621	1,105,988	16.8	1,103,575	.21
Others	1,350,984	993,696	(26.4)	1,007,303	(1.4)
Total	32,328,633	27,099,883	(16.2)	27,135,925	(.13)
Sparkling wines	1,209,466	1,482,361	22.6	1,133,457	30.8
Still wines, table	10,179,594	10,441,302	2.6	10,754,660	(2.9)
Still wines, fortified	267,530	361,402	35.1	449,994	(19.7)
Vermouth	278,476	291,737	4.8	326,826	(10.7)

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Sweeteners (cents per pound)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	0	14.25	0.
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	31.45	(2.3)	25.00	25.8

Please Note: 42% Corn Syrup High Fructose figure will no longer be available.
Source: The Journal of Commerce

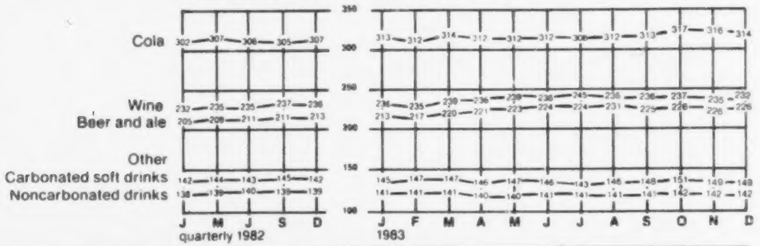
Alcoholic Beverage Removals (barrels of 31 gals)

	September 1983	October 1983	% Change	October 1982	Oct. '82 vs. Oct. '83 % Change
Beer	15,049,484	13,769,109	(8.5)	14,078,641	(2.2)
Wine*	32,739,034	38,873,152	18.7	40,691,266	(4.5)
Spirits*	32,982,911	36,951,649	12.0	37,431,402	(1.3)

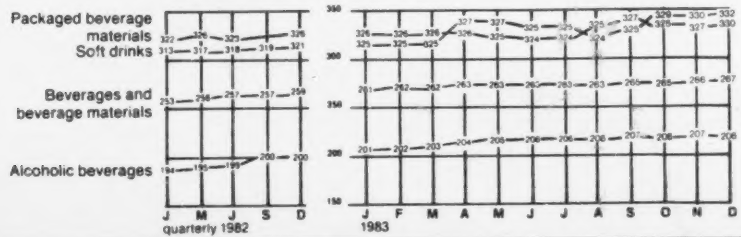
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

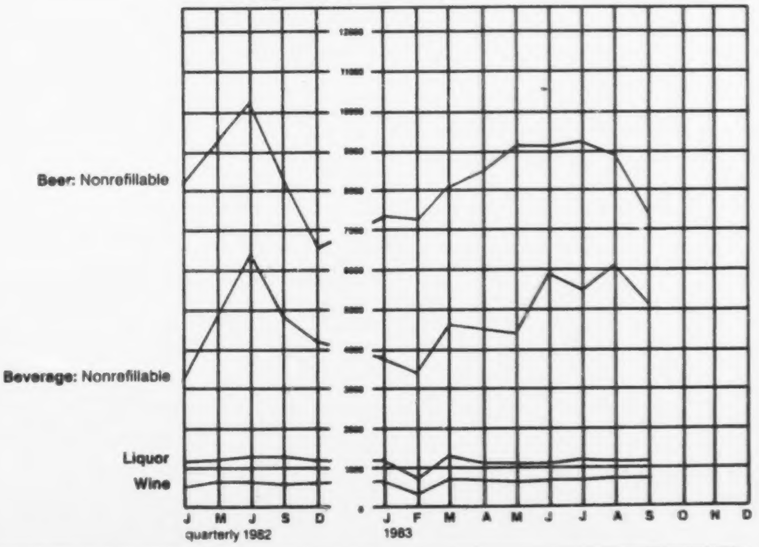
1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

CMI report reflects 8.1% can increase

(Continued from page 1) bility, increased multi-packing by soft drink canners and successful marketing programs conducted by can makers throughout the country," says Dunn, adding that cans were "the vanguard package" for several new soft drink brands introduced during the year.

"Plus, the can-dominated vending market had a very good year," he adds.

"The can, because of its high cube efficiency and sellng value, is the most profitable package for both bottlers and retailers," Dunn says, documenting CMI's 1981 Booz-Allen & Hamilton bottler study and its 1983 McKinsey & Co. retailer study.

"The McKinsey retailer study demonstrates that more of a retailer's typical everyday 20% gross margin is profit with cans than any other store-delivered package. The profit yield per square foot of shelf space," says Dunn, "is nearly twice as much with cans as compared to the most profitable bottle."

Bottle bills

During 1983, the aluminum can recycling rate rose to between 55% and 60% of all aluminum beverage cans sold.

"Clearly, one of the best ways for bottlers to help retailers ward off new bottle bills is to become active in both aluminum and steel can recycling," asserts Dunn.

Soft drink growth patterns: recent deposit states

	% Growth/Food Stores
Massachusetts	**1983 vs 1982**
Cans	+ 8.9
Small/Medium	- 38.1
Pints	- 1.5
Quarts	- 10.4
2-L	+ 12.0
Total	+ 5.9
New York State	**Oct./Nov. 1983 vs Oct./Nov. 1982**
Cans	+ 3.5
Small/Medium	- 28.6
Pints	- 13.1
Quarts	- 9.1
2-L	+ 5.0
Total	- 1.8

Source: Can Manufacturers Institute

Copyright: Beverage Industry May 1984

In deposit law states, cans turned in a strong 1983 performance in food stores, particularly in Connecticut and Michigan (see related chart). Cans not only have rebounded well in earlier deposit states, but in both Massachusetts and New York (the most recent states to enact deposit bills) cans have increased both volume and market share (see related chart).

Nielsen reports that in metropolitan New York (including 25% of New Jersey) cans "appear to be faring slightly better than 2-L." "Glass packages, particularly the smaller sizes, have lost significant volume and share as a result of the greater handling problems they pose for consumers and retailers," says Dunn.

"Deposit laws may be a short term boon . . ., but in the long run hurt consumers and the industry."

"We are pleased, of course, to be where we are in New York, but soft drink can volume in food stores actually has grown at only one-third the can's 1983 national rate of 12.3%," Dunn says. "Therefore, sales are down from what they might have been had the New York law not taken effect.

"Deposit laws may be a short-term boon to some beverage packages, but in the long run their insidious effect on consumer cost, beverage variety and soft drink sales volume hurts consumers and the soft drink industry alike," emphasizes Dunn, stating that CMI remains a firm opponent of mandatory deposit legislation.

For further information on CMI's studies, write: Can Manufacturers Institute, 1625 Massachussetts Ave. N.W., Washington, DC 20036; or call (202) 232-4677. ☐

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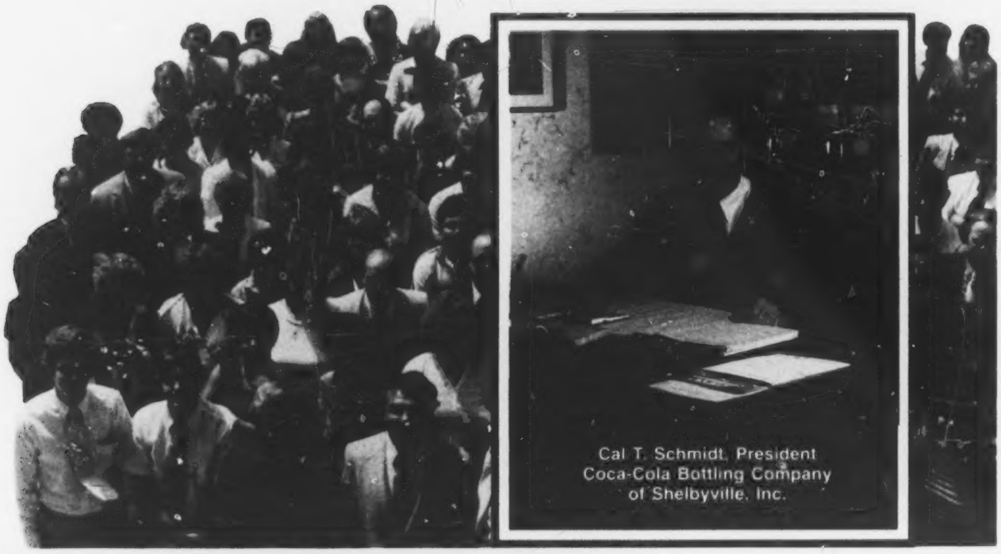

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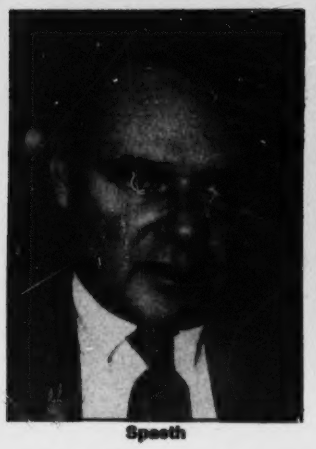
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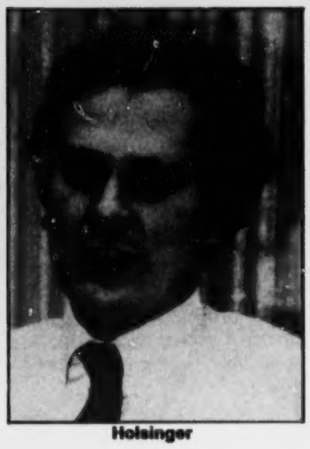
Holsinger

Martin

HFCS suppliers vow to meet industry demand

(Continued from page 1)

for the summer and some of them are setting new all time records for this time of year and that, of course, is being reflected in the 55 demand.

On 42 fructose, the supply at the moment is adequate. Although I believe when we look back at the end of the year, the supply of 42 will have been the surprise story of the year because I believe that a goodly percentage of 42 has been, shall we say, cannibalized and taken into 55 fructose. That's easy to do in a wet milling plant and can be done in a rather expeditious time frame. Therefore, I would predict that 42 fructose will be very tight this year, which is diametrically opposed to the last three years when, in fact, there has been excess capacity.

Cargill: The current supply/demand situation is in the process of rapidly tightening up with the Coca-Cola further approvals earlier this year. We are running right at the moment close to capacity. In the next couple of months, I feel the industry will be running at capacity and demand and in the summer months will probably exceed the supply.

American Maize: Currently, there's enough supply to meet the demand. The demand force is still growing. I think January numbers showed the industry up almost 16% versus last January but the industry will be running up over 90% this year. So, there's enough product but the industry is pushing its production very close to capacity.

Hubinger: The seasonality of the soft drink market is one of the key factors that we see influencing the supply and demand. This summer the increase in demand brought about by seasonality is going to take this industry very close to its full capacity. There may be some supply disruptions possible, but Hubinger is committed to taking care of its business. We've expanded our production facility, adding another million hundred weights to take care of our customers during the tight times this summer and then I think beyond that, the industry needs to grow a little bit to take care of possible decreases in the demand for future years.

CPC: Last year was relatively tight if you consider something above 85% capacity utilization as being high.

There have been a number of franchise bottler announcements during the last nine months. The Coke move increased demand by about 450 million pounds alone. There were additional approvals also among several other franchise companies which increased demand by another 300 million pounds plus.

This has created a very tight HFCS situation. We're figuring 1984 utilization rates above 90% on both types of fructose. This means that the high fructose corn syrup industry will be running at full–out capacity for the year. There is scheduled downtime, so the maximum the industry could be running would be at 95% of capacity. 90% is a realistic number, but even if we reach 91%, 93% . . . that's pretty good.

Because of the seasonality of soft drinks and all beverages, the HFCS industry cannot produce enough during the summer to meet the demand. That's why we have been running full out since January to store HFCS to meet the seasonal demand.

A.E. Staley: We project during the peak season, the supply/demand on both 55 and 42 HFCS will be very tight. The demand has increased significantly because of the continuing strength of the beverage industry and the additional approval by Coca-Cola. The corn sweetener industry is prepared to meet this peak seasonal demand with the start-up of several incremental expansions plus the building of HFCS inventories.

BI: What effect has Coke's approval of 75% HFCS had on supply?

ADM: It's added about 325 million pounds of new demand at a time of the year that a wet milling industry is running rather slowly historically. So it has helped the plant running time rates to an extent. It has added some new demand on top of the already very strong business conditions. So it has, in fact, caused some tightness a little earlier than you would normally expect.

Cargill: Naturally it has tightened up the supply situation in the industry although interestingly enough we were predicting a very tight supply demand for the summer months particularly even before the Coke announcement. An interesting sidelight, a lot of the production capacity figures you see are based on maximum capacities. As we all know, sometimes plants the size of the fructose plants don't always run as smoothly as we like to see them. So any hiccup in the system, so to speak, would cause further tightness in these summer months.

"I would predict that 42 fructose will be very tight this year, which is diametrically opposed to the last three years. . ."
—Martin L. Andreas

American Maize: Of course, it's tightened it up versus last year. I think the number is 400 million or so pound increase in demand. So it simply tightened up supply.

Hubinger: I think it brought current supply to capacity, but we still have our future ahead of us.

CPC: As I said before all of the new approvals have added nearly 800 million pounds of demand. At the same time, however, new capacity is being added throughout the industry both by CPC and others.

We alone have just finished debottlenecking our Stockton, CA, plant and added a HFCS 55 channel. We will also come on stream with new capacity, mostly HFCS 55, at our Winston-Salem, NC, plant in June. Several other manufacturers have also announced expansions. There will be additional 42 and 55 capacity on stream shortly.

The net result of the approvals and new capacity will be to maintain high industry utilization rates and, at the same time, keep supply-demand tight.

A.E. Staley: High fructose producers increased their capacity in anticipation of Coke's approval. The industry is positioned to meet further approvals with already announced expansions.

BI: If Coke moves to 100% authorization and Pepsi to 75, how do you think that will affect supply?

ADM: I think the wet milling industry is hopefully anticipating that will happen and there is capacity that is being put on stream. Some of it, of course, was publicly announced. I think there are other conversions that aren't necessarily publicly announced of 42 to 55. So that, in fact, as these approvals hopefully come along, the industry will be able to meet the supply/demand.

Cargill: Naturally again, this will make it even tighter. We have a plant coming on stream effective early 1985 in Iowa, which will tend to offset some of that increase in demand if Pepsi and Coke make those further announcements. Other people have put on some incremental expansion; with our new plant coming on stream and with incremental expansion that other people have in the works, we would be able to handle most, if not all, of that expansion and that's on an annualized basis.

American Maize: The industry is certainly expanding just to keep up with demand, versus several years ago when the industry was well in front in terms of supply versus demand. I don't see us going through another period of tremendous oversupply and we'll simply keep up with the growing demands.

Hubinger: There are expansions on the way by other corn wet millers, which I think anticipate increased approvals from the two major cola companies.

CPC: I think most of the wet milling industry believes that the quality of the product is such today that it's very feasible to have 100% conversion even in the colas. I believe that's probably true. The industry's history has been to handle any of these type of shocks quite well. As a matter of fact, too well. We tend to overexpand. I think maybe we're beyond that now.

A.E. Staley: It will depend on the timing of further approvals. The corn sweetener industry has announced several expansions in anticipation of further approvals. The corn sweetener industry has announced several expansions in anticipation of further approvals by both Coca-Cola and Pepsi-Cola.

BI: What's the current price and how has it changed recently in the last couple of months?

ADM: Prices have moved up some in the last six to eight weeks reflecting the stronger demand and the excellent business conditions in the economy. So you have 55 fructose selling at roughly a

15-18% price under sugar depending on whose sugar price you want to use and 42 fructose is still very much of a bargain. It's selling roughly 25-28% under the price of sugar.

Cargill: Prices have moved up for several reasons. Number one, prices earlier in the year were fairly depressed due to the seasonality of the business and certainly well below replacement sugar values. In addition to that, our corn prices over the last month or two have moved up, too. So a combination of low prices to begin with, the tightening of supply and demand and higher corn prices have caused the market to jump up.

American Maize: The current pricing on 55 depending on the zone that you're in is roughly $24. That's up probably $4 from earlier this year from say the January time frame; 42 is up not to the same degree, the prices have strengthened considerably for both products.

Hubinger: Prices had been depressed by overcapacity and slower demand in the winter but with these new announcements and the season coming on, I think you can see pricing return to more functional discounts to sugar, in the area of 10% as opposed to some of the lower prices we saw during last winter.

"I think you can see pricing return to more functional discounts to sugar, in the area of 10% . . ."—Hubinger's Holsinger

CPC: In some cases, prices were depressed last year because of contractual arrangements made in 1982 which did not take into consideration the strong demand in 1983 or the increased demands which we were discussing earlier

We—as an industry—were probably selling the product for less than its worth based on supply and demand in '83. Prices have taken a significant increase in 1984 over 1983. Prices will continue to move up particularly as we move into the season of peak demand through the summer.

A.E. Staley: The current Midwest zone delivered price for Isosweet 5500 is $23/cwt., dsb basis, and the Isosweet 100 price is $19.37/cwt. dsb. These prices have increased during the past three months from depressed levels during the slow demand season.

BI: Assuming increased approval levels, what do you think that will do to prices?

ADM: That is simply dictated by the supply/demand. We have to wait and see. Maybe we'll have a very cool summer as opposed to the very hot summer we had last year. I don't think I could make any predictions on that count.

Cargill: I think during the peak summer months, we'll see prices approaching the replacement value of sugar probably with some discount underneath sugar prices. During the off season months, you would probably tend to see prices at a lower percentage of sugar and we always have to keep in mind what our corn prices are doing because corn is our basic raw material ingredient.

American Maize: I don't think the prices are going to increase dramatically regardless of the increased approval levels. Sucrose, of course, is the ceiling, but I think that the prices are beginning to reach a proper level for the product in its competitive environment, which is really high fructose producers, not the sugar producers.

Hubinger: We have trouble as an industry selling HFCS above the price of sugar so I think that pretty well puts a cap on the pricing and to the extent that capacity is available. I think that's where the pricing will go. Some people may wind up going back to sugar. I don't think that's going to happen. I think the industry will put a very functional price on HFCS-55, a price that encourages further substitution and that the traditional discounts to sugar will be what prevails.

CPC: With utilization levels above 90% prices should continue strong through 1985.

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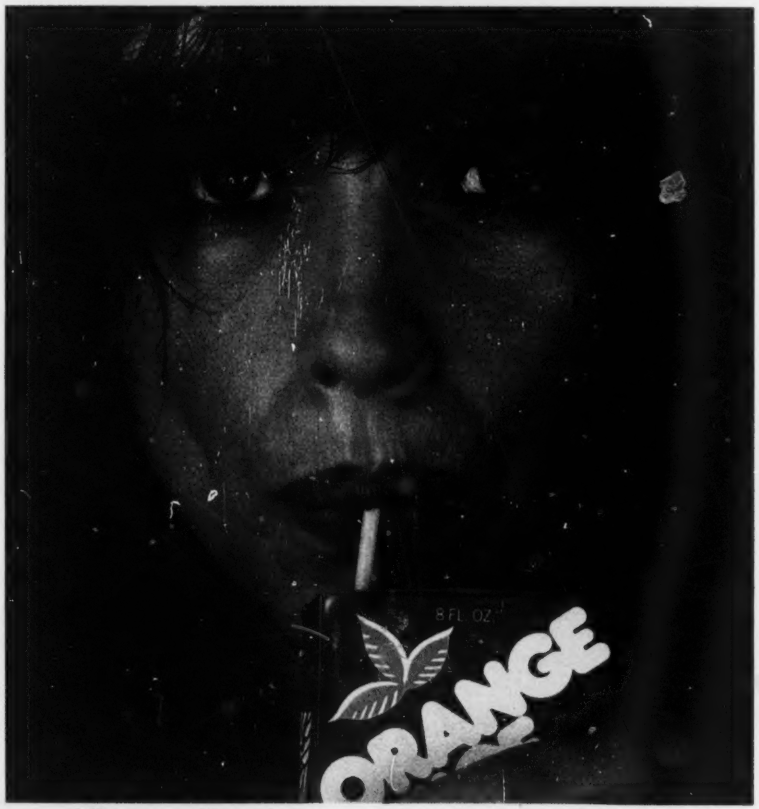

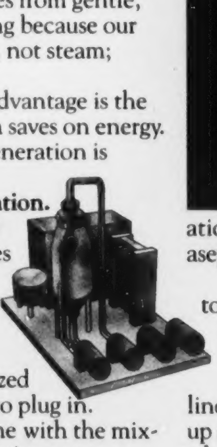

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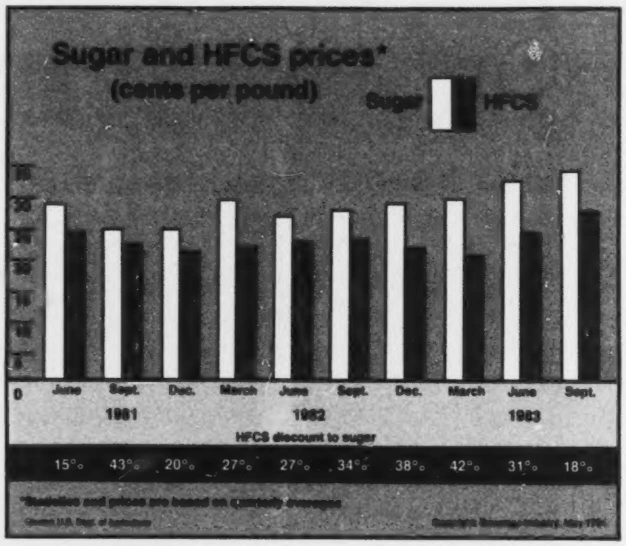

There is little doubt, however, that HFCS 55 will continue to be discounted against the price of sugar. What that percent is will be directly related to industry utilization levels. Even with the improved quality of HFCS and parity with sugar, the discount will exist for the foreseeable future.

I think at least now and in the near future, there will be a discount of HFCS 55 to sugar even though frankly, the product is just as good, maybe even in some cases, better. Better, because the production facilities are all much newer and much more capable of producing higher quality products. But the point is that although the product is just as good as sugar I think the industry will continue to price it at a discount to sugar.

A.E. Staley: We anticipate HFCS prices will peak at a level providing meaningful discounts from the price of sugar.

BI: What's the current status of your company's plans to expand?

ADM: We have very considerable swing capacity between our fuel alcohol business and our fructose business and so we have the option of cutting back our alcohol production some in the summer to meet the demand of fructose in the summer and make a lot of alcohol in the winter. So, I would say that we hope to be able to meet the needs of all of our major customers without any problems.

Cargill: We are putting on stream a 65,000 bushel a day plant in Eddyville, IA, which is in the southeast part of Iowa. This plant should be on stream some time in early 1985. We are running right on our construction schedule so we expect that should be a good solid date. Most of that capacity will be going into high fructose products.

American Maize: We're right now going to 40% expansion in our Alabama facility, increasing 55 production, 42 production and our grind capability to handle that production. That expansion should be completed by the first quarter of 1985.

Hubinger: Hubinger has an expansion, just recently completed. It's been running for about a week now and will add a million hundred weights dry basis to our annual capacity. This was done with an investment of over $5 million on the part of H.J. Heinz and I think it reflects a commitment to taking care of a segment of the soft drink market that we see as our customers.

CPC: As mentioned before, CPC has debottlenecked one regional plant and added grind capacity in another, significantly increasing HFCS 55 capability in both.

We have also announced a total rebuilding of our largest plant in Argo, IL, adding a good size HFCS 55 channel and also expanding our dextrose production. Completion is expected in 1985.

A.E. Staley: Staley has already completed incremental expansions at our Loudon, TN, plant, bringing its grind capability to more than 100,000 bu/day. We are now completing an expansion of our high fructose finishing capacity which will be on stream in the spring of 1985.

BI: Aside from problems with supply, have there been any other questions, problems or challenges posed by the increased levels of HFCS for your company?

ADM: Probably the major problem that the wet milling industry has is that each time we receive an approval from one of the soft drink companies, it is a very beneficial thing. But the seasonality of the soft drink business becomes a problem that we face along with the soft drink people. By the nature of that, you can't make enough fructose in the summer to supply all the demands, so we have had to go into storage programs so that all the demand can be met.

Cargill: No, not really. Supply is a welcomed prob-

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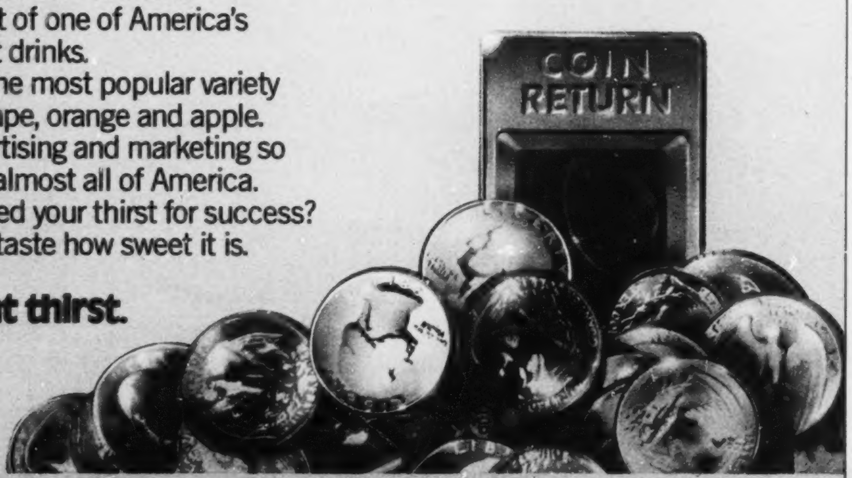

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lem but it also is a great opportunity and we will be endeavoring to manage our business properly so that we can get the product to customers who we deal with on a prompt basis during this tight period of time.

American Maize: I really don't think so. I think that most in the industry through their market research and/or statistics have been able to predict to a fairly accurate degree what was going to happen and giving the economics of sucrose versus high fructose I think that the current trend was anticipated and the increase in supply is not going to create any other problems.

Hubinger: Corn wet milling is an industry that has shown it's capable of expansion and it's met the challenge of very rapid growth. In fact, the milling industry grew faster than the demand. That's why we had such low utilization rates as an industry last year. I think the pace of growth may moderate but I think the industry can meet the challenge of future growth just as it has in the past.

CPC: One major challenge has been quality. There's been a constant improvement in the quality of this product as the industry has worked both collectively and individually with the soft drink industry to meet its standards.

The corn wet milling industry has been most responsive, and the results to date very satisfying. Quality is so improved that we believe it now feasible for 100% HFCS substitution even in cola beverages, which not long ago was not practical. We've been able to meet the challenges of rapid growth.

A.E. Staley: With the high quality standards of the beverage industry, further approval levels have challenged the corn sweetener industry to improve its quality, consistency and integrity of its total distribution system.

BI: We've heard about a quality and consistency program involving San Labs in Cedar Rapids, IA. Did you take part in that at all and, if you did, can you tell us what effect you think it had on the industry?

ADM: It was probably the most important thing that occurred in our industry in 1983 in that for the first time in history we cooperated on an extensive quality improvement program relative to 55 fructose so that, in fact, we hope that the product can be used at 100% level. The results were sent in by all of the wet millers. It was a highly cooperative program and one that proved very beneficial because there was an exchange of ideas on production techniques, fermentation and various heat problems. In fact, our industry is producing a far superior product in quality compared to just nine months ago. It's a very dramatic advance and one of the reasons that we believe that fructose will be used at 100% in colas is because the product has been in a fashion cleaned up and purified to the point that it's almost medicinal. That's something we're very proud of and I think it's what has led to the recent Coke approval at 75%.

Cargill: The cola bottlers have worked with us and the industry very closely in trying to improve the quality of the product. We have submitted samples to San Labs along with several other people in the industry in order to judge and evaluate the consistency of our products. We feel the project has been quite successful in getting the consistency of the product that the cola bottlers desire, which has enabled them to use larger percentages in replacement of sugar.

American Maize: Yes, we took part in the San Labs studies, as did most of the major producers, and I think it has helped in terms of making quality consistent industry-wide. I think it increased the quality level to a degree overall but in terms of plant specific quality, I think it brought the quality of those facilities which were producing something less than the norm, up to the standard.

Hubinger: Hubinger did participate in the quality studies on our fructose corn syrup. There was a cooperative effort on quality. It's important that the quality be consistent among the suppliers to the soft drink companies. They need more than one source and they need a consistent, high quality product. If quality were any consideration in the substitution against sugar, then the industry was well served to take care of that problem in a cooperative effort.

CPC: That was an industry effort and we were involved with it. It's difficult to tell how much of an influence it played in the decision to increase HFCS levels, but it was a factor.

A.E. Staley: We believe that during the past two years significant improvements have been made in the quality and consistency of HFCS products. In fact, it has been stated by those companies who are both corn sweetener and sugar producers that advanced refining techniques have enabled the fructose industry to surpass the sugar industry in quality and consistency.

BI: With regard to quality and consistency, is there much room for improvement for the industry and your company in particular?

ADM: There's always room for improvement in any product. The greater strides

"The cola bottlers have worked with us . . . closely in trying to improve the quality of the product."—Cargill's Sweeney.

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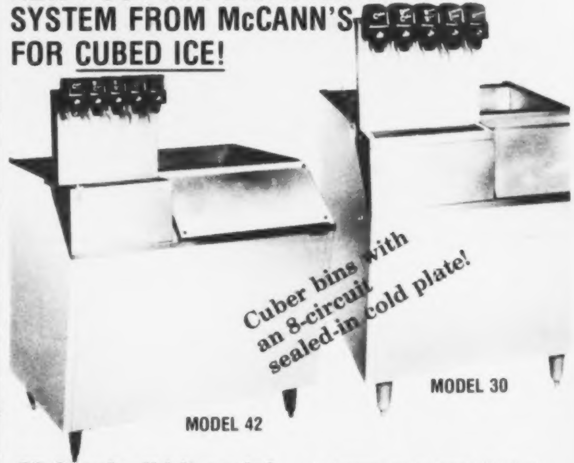
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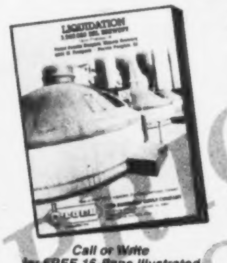

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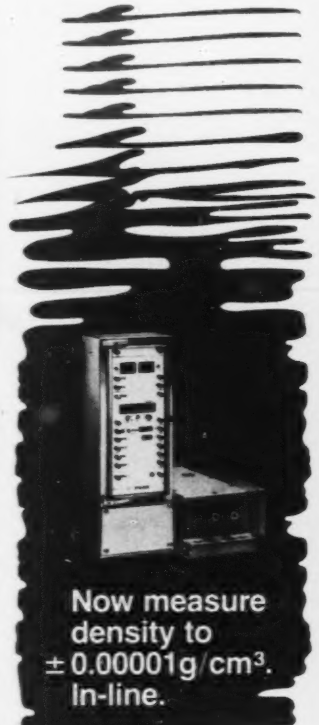

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have probably been made. There are probably still some very minor refinements but I would say that 95%, if not most all of the major strides have been made. We're totally satisfied with the quality of the product and, in fact, feel that it is a product that is superior to any and all sweeteners on the market in the nutritive form at this time.

Cargill: I think the quality of the product has always been extremely high and we now feel that we have an industry-wide consistency of the product. I think that's what most of our customers were looking for in order to have flexibility on sources of supply.

American Maize: Well, we'll be wherever we have to be in terms of the marketplace. I think from a quality standpoint, and this is not to belittle the sugar industry, I think our product is better than sugar ever was. By the same token, the product is still fairly new, if you will, in terms of its tonnage into the marketplace in the last 10 years so that there are probably some subtleties in terms of the makeup of the mixture, the high fructose mixture that we're learning about everyday. It's something you maybe learn and the industry will react to whatever is needed out there.

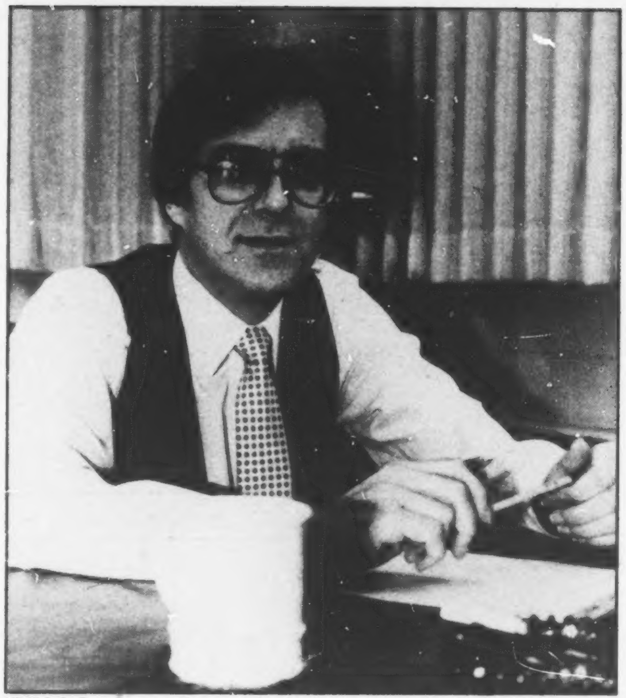
Hubinger: It's a product of superior quality. It's consistent. I guess there's always room for improvement in controlling quality, but the product is a high quality substitute for liquid, cane and beet sugar. It's a highly automated, in our case computerized manufacturing process. It's been around long enough that its technology is fully developed and it's a high quality food ingredient.

CPC: The quality that can be attained today is probably good enough to warrant 100% substitution. Some firms have authorized this level and I expect to see more.

We really don't want more than 100%. If we thought there was something major that had to be done to move to that level, we'd be working with the franchise companies right now to get there.

The challenge facing the industry now is to provide this high quality on a sustained, consistent, and universal basis. At CPC, we have given this mandate the highest priority, and are confident that our three plants can and will do just that.

A.E. Staley: We at Staley continue to invest substantial dollar and people resources in achieving the required quality and consistency to enable the beverage industry to fully utilize HFCS as a total replacement to sugar. We remain totally committed to this goal.



"I think from a quality standpoint . . . our product is better than sugar ever was."—American Maize's McLaughlin.

BI: Consumption of diet soft drinks has grown to just over 17% of the total market, and some analysts project its growth to reach 30% or more thanks in part to the development of NutraSweet. Based on this, what do you think the future of HFCS-sweetened drinks is?

ADM: First of all, I think NutraSweet is a good product. You take a diet Coke or a Diet Pepsi today and it's a much improved product with the aftertaste problem mostly being gone. So I think that that allows for growth in that category, whereas before it was somewhat of a problem with the aftertaste. As far as nutritive sweeteners like fructose, first of all, I think we can hopefully make strides to have fructose at 100% level in the cola drinks. But above and beyond that, there are some new trends in the beverage industry we think are particularly important for fructose. One is Pepsi's new introduction of a product called Slice which, in fact, is a 10% juice based carbonated soft drink. We think that there may be a whole new segment of soft drinks, juice-based soft drinks developing. Also aseptically packaged juice drinks that, in fact, use fructose are growing very rapidly. Shasta's Capri Sun is a big winner and a very fast selling product. I think the aseptic package is something that can cause new growth for sweeteners. I think the whole new juice segment, remembering that fructose has a definitive synergism with any fruit flavor, is an ideal place to use fructose because you actually get an enhancement of the flavor. So I'm not quite as bearish as some of the articles I've read.

Cargill: We feel that the consumption of nutritive-sweetened soft drinks will stay at least at the same level that they are in 1983. That could mean that most of the growth, if not all of the growth, in the industry would be in the diet segment, but we would not see an actual decline in case sales of nutritive-sweetened drinks, and hopefully that is a conservative estimate. I believe it would still allow for a 3-4% industry growth. This would mean that by the late '80s you could see a 30% or even a little bit higher market share for diet drinks and yet still at least the same number of case sales of nutritive-sweetened drinks.

American Maize: I think it will have no effect on the growth of HFCS in the near term. Later, when and if it does hit the 30%, it simply will put an earlier calm, if you will, on the overall growth of HFCS. Our company is not particularly worried about the effects of NutraSweet.

Hubinger: Well to the extent that the diet segment displaces nutritively sweetened soft drinks, I think it's going to have an impact on our future volume as an industry. High fructose is the sweetener of choice in soft drinks. Once we have 100% sucrose substitution, we have to depend on that segment's total growth.

CPC: I believe 30% may be conservative, but our industry could live very well if that is what it becomes at some point in the future. However, the penetration may well be higher – 35% or 40%. At this point, there will be an impact on HFCS demand. If other sweeteners are approved or if NutraSweet continues to grow, both the HFCS and sugar industries may have a problem.

Beyond 1986/87, we could see negative growth in HFCS as high-intensity, non-caloric sweetener usage accelerates. This threat must be addressed soon by the wet milling industry in its avoidance of over expansion, or the industry will suffer with years of under-utilization.

A.E. Staley: We believe the future of nutritive-sweetened soft drinks is very positive. We are still seeing positive growth of this segment of the soft drink industry in spite of large percentage projections and growth for the diet drink segment. We remain active and cautious as we evaluate the potential growth of the diet market and the impact on the nutritively-sweetened soft drinks.

BI: Overall, are there any advances, improvements or innovations that you see on the horizon for your company and/or the industry?

ADM: I think one of the major things that's going on right now in the industry doesn't get much publicity because it's basically a food-oriented industry but the advent of using 200 proof ethynol as an octane booster is something that has grown by leaps and bounds. Over 200 million bushels of corn were used this last year just to make fuel ethynol to boost octane levels. I think that tends to affect ADM. We're a major producer of fuel ethynol but some of the rest of our industry is in that business, too. So we see that as a growth area that after we've reached the so-called finite market of fructose growth. If 100% approvals are able to be achieved in the colas, the question then is big. Where does the growth come from in the wet milling industry. Another area would be the so-called carbohydrate chemicals using starch as a base for chemicals. That's an area that may grow well in the '80s.

Cargill: The industry continues to work on economic methods to crystallize or have a dried fructose product. At the moment, though, the technology is not in place to produce a competitively priced dry product. There is some dry product on the market, but it is used mainly in low calorie specialty applications. We have a 90 high fructose product which could have some exciting new applications and there could be larger markets for this product in the future when it is formulated into products which can meet the demand in the light market segment.

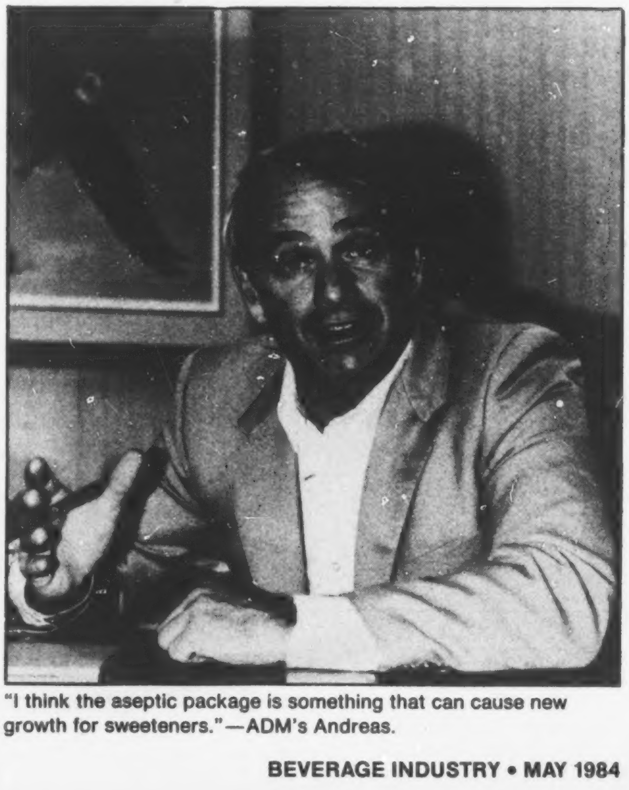
Hubinger: We don't have any announced expansion plan; but our research effort continues all the time.

CPC: The industry has undergone incredible changes over the past few years. It's a tough game to compete in primarily because it takes big dollars and it's a moving target.

I think that for the foreseeable future, people will continue to build state-of-the-art plants in an effort to make sure the soft drink industry is supplied with the products it wants. These plants will be dedicated to producing the highest quality product at the lowest possible cost. We have a duty to the industry and to our stockholders.

For CPC's part, we are committed to be one of the principle players and are dedicated to quality products at the lowest delivered cost.

A.E. Staley: We envision further innovations and technological improvements in the production of existing products, as well as the development of new dry corn sweetened products. We also plan to continue to improve the overall distribution system as we meet the challenges presented by the beverage industry.☐



"I think the aseptic package is something that can cause new growth for sweeteners."—ADM's Andreas.

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Page 32

Higher distribution costs likely in '84

Special Report—The three major beverage segments in the U.S.—soft drinks, beer and bottled water—are expecting higher distribution costs per case this year, according to a recent **Beverage Industry** survey.

According to the results, soft drink warehouse managers are expecting to pay approximately 4% more this year than last year. The average cost per case for soft drink warehouses in 1983 was 54 cents, but managers expect to pay roughly 56 cents per case this year. Meanwhile, soft drink manufacturers expect distribution costs per case to rise from an average 63 cents to 66 cents this year.

Beer wholesalers, who report paying 71 cents for '83, are anticipating a cost of 74 cents per case while bottled water manufacturers are expecting to pay $1.42 per case, up from $1.38 last year.

Extensive survey

These figures were compiled from extensive interviews of the decision makers within the beverage industry. The study was coordinated by SRCH Statistical Research Center and compiled by Infometrics National Research Center, affiliates of Harcourt Brace Jovanovich Publications, exclusively for BI.

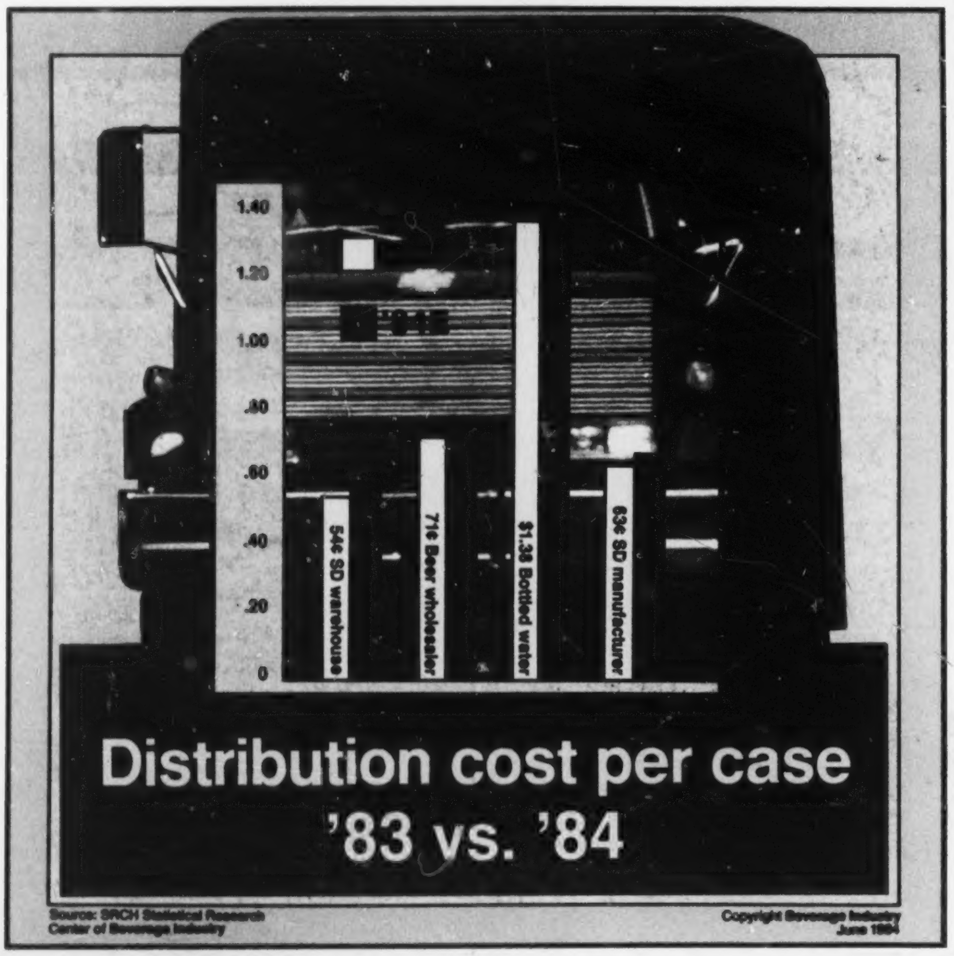
According to the study, soft drink warehouses experienced the largest case volume increase over last year's figures, reporting an 11% mark. Bottled water manufacturers say that their case volume increased an average of 10% over '83 figures.

The soft drink makers say that they had an average 2% increase in case volume over last year while beer wholesalers claim a 1% increase in case volume.

According to the study, 66% of the total industry (beer wholesalers, soft drink plants, soft drink warehouses and bottled water plants) have reported an increase in their costs per case; 9.9% of the industry reported a decrease; and 26.4% said their distribution costs remained the same from '82 to '83.

In the soft drink segment, 63.2% of the responding plant managers report that distribution costs have increased over last year while 10.5% report a decrease in costs with 26.3% saying that there is no change. But, soft drink warehouse respondents say that their distribution costs have increased while 11.5% claim a decrease,

(Continued on page 16)



Distribution cost per case '83 vs. '84

Source: SRCH Statistical Research Center of Beverage Industry

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BI Report

■ FDA SODIUM LABELING REGULATIONS would require that sodium content of diet soft drinks be shown on the brand's label. In denying the industry's request for an exemption, the agency noted that 95% of the source water used for soft drinks have less than 17.7 mg. per six oz. and that even with sodium saccharin, the products would still fall in the low sodium category.

■ COKE AND PEPSI SHOW INCREASES dur-

(Continued on page 80)

BI Now Package

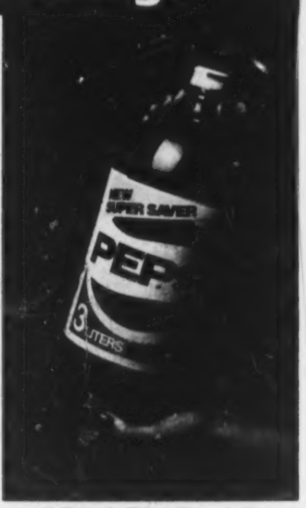
Buffalo Rock debuts Pepsi in 3-L PET

Birmingham, AL—Billing it as "the Super Saver," Buffalo Rock Bottling Co., located here, introduced a 3-L PET, believed to be the first in the industry, last month.

The bottle which holds 101.4-oz., is produced in the local Owens-Illinois PET plant and utilizes a 38-mm Alcoa RO closure. It is 1 in. taller than the 2-L bottle and approximately 1/2-in. bigger around.

The label is one of the first uses of O-I's Plasti-Grip, a coextruded polystyrene foam applied by a solvent-seal system. The label reaches from the shoulder to the base cup rim and carries the "Super Saver" message as well as proclaiming "50% more product" than the 2-L size.

The idea for the container originated in Buffalo Rock and James C. Lee, Jr., president, calls it "the perfect family package and we intend to promote it as a value package." Pepsi, Diet Pepsi, Pepsi Free, Diet Pepsi Free, and Mountain Dew will be offered in the new package.



According to Roger Enrico, Pepsi-Cola USA president and CEO, "The test is part of our commitment to try new ideas.

Until results of the test marketing are determined, the company plans to limit the test of the container to the Birmingham market and its environs.

• For more information on **O-I's 3-L bottle**, circle no. 288 on reader service card. ☐

It's not a cola

Citrus-flavored Trim on Atlanta shelves

Atlanta, GA—Introduction here last month of Trim, a caramel-colored, citrus-flavored soft drink by Boston-based General Cinema raises more questions than it answers:

- Will General Cinema seek to gain distribution for a product which looks like a cola and, to many, tastes like a cola?
- Will General Cinema, the largest Pepsi-Cola franchise in the U.S., attempt to put it into its own plants and test the exclusivity of the franchise agreement?
- Will the firm attempt to market the product like Sunkist, its highly successful orange-flavored product?
- Is the product an attempt to gain an edge in the projected "natural" beverage boom to come?
- Will the firm attempt to market TrimSweet as a competitor to NutraSweet?

The drink contains vitamin C in sufficient quantity to be declared on the label. (The 12-oz. can states that it has 30% of the U.S. RDA of vitamin C; the 16-oz. and 2-L bottle says that it contains 15% per 8-oz serving.) The vitamin C is derived from citric acid and ascorbic acid which is used with sodium benzoate as a preservative.

The product is sugar-free and caffeine-free and does not contain cola extract. It is sweetened with TrimSweet, a blend of saccharin and glycine.

According to the standard of identity, the beverage is not legally a cola, however, several flavor chemists who have tested the product say it is "cola-like" in composition. It has a definite citrus bite to it and the

(Continued on page 21)

Beverage Industry
AN HBJ PUBLICATION

Mixer wars '84

Tonic rivals firing on British front

Canada Dry uses actor endorsement

NEW YORK—Canada Dry USA, in a move aimed directly at arch competitor Schweppes' flagship product, has kicked off a $3 million campaign using British actor Stewart Granger to endorse its Tonic Water.

The campaign is a departure for Canada Dry since this is the first time a separate

(Continued on page 46)

STEWART GRANGER: Being English I do know a lot about "mixing with" tonic.

I'm rather stubborn. So it might surprise you, that the tonic water I like most is not English.

It's America's favorite, Canada Dry.

Because Canada Dry makes tonic just the way I want it.

Despite some hard times, British nobility still enjoy Schweppes in "Duke."

In "Oxford," an American impresses British students with his knowledge about Schweppes.

At a dinner party in a tent in the middle of a desert, guests are surprised to be served Schweppes in "Egypt."

Each of the 30-second spots closes with a product shot.
SCHWEPPES
THE GREAT BRITISH BUBBLY

Schweppes' ads tout 'The great British bubbly'

STAMFORD, CT—No one can out-British the British as Cadbury Schweppes showed recently when it revealed its 1983 TV ad flights.

Going back to the U.S. launch when Commander Whitehead —the personification of Britishness—was the brand spokesman, the brand's English roots have been used

(Continued on page 46)

Total advertising expenditures by major brewers

($Millions)

Company	1978	1979	1980	1981	1982
Anheuser-Busch	$116.6	$160.5	$194.2	$233.7	$322.3
Miller Brewing*	80.0	95.5	115.0	124.0	160.0
Coors	33.5	46.4	66.8	85.8	88.1
G. Heileman Brewing	16.7	27.2	47.7	54.0	71.1
Stroh Brewery*	13.8	17.3	16.7	29.6	58.1
Jos. Schlitz Brewing	58.2	71.6	67.2	58.1	(1)
F & M Schaeffer	7.9	11.1	11.3	(1)	(1)
Pabst Brewing	39.8	43.3	45.6	47.4	42.2
Olympia Brewing	18.1	19.3	25.2	30.0	25.2
Genesee Brewing	6.4	8.0	17.6	18.4	19.5
C. Schmidt & Sons*	4.8	5.0	3.8	3.6	2.7
Pittsburgh Brewing	NA	1.0	1.2	1.7	1.7

*Estimate *Reporting system revised

(1) Included with Stroh advertising expenditures

Source: Business Trend Analysts

Copyright: Beverage Industry
June 1984

Computers help in fleet upkeep

by Laura Martinez

SPECIAL REPORT—Keeping a fleet of beverage distribution trucks in top condition so they perform up to expectation, as well as maintaining an accurate pre-sell and route accounting operation, is an enormous, time-consuming task for any bottler or beer distributor, whether one owns a small, medium or large bottling company or distributorship. The bottler or distributor has to make sure the fleet is well taken care of: that needed repairs are made; tires changed; mileage checked; fuel consumption noted; routes scheduled; etc. For routemen, they must make sure their orders are accurate, deliveries made on time and all monies are collected without any shortchanging problems.

So now, one asks, how can all of this work be done in a reasonably short (and profitable) amount of time?

To insure accuracy and save time, many bottlers are turning to computerized fleet maintenance systems. The majority of these systems are developed for the beverage industry by such software and data systems companies as DIGATEX, Austin, TX; Display Data Corp., Hunt Valley, MD; Norand Corp., Cedar Rapids, IA; Endata, Inc., Charlotte, NC; and MSI Data Corp., Costa Mesa, CA. **Beverage Industry** recently spoke with bottlers and distributors who utilize systems from each company to get their viewpoints on how effective these systems are and to gauge the systems' success.

For the Deligiannis family-owned Franklin Bottling Co., bottlers of Pepsi products in a four-county area of western

(Continued on page 6)

Beer sales top $11 billion in '83

COMMACK, NY—Total dollar sales for malt beverages were pegged at $11.1 billion during 1983 while unit volume totaled just under 179 million barrels, representing the second consecutive year of relatively flat growth in the beer industry in the U.S.

These are the findings of a new industry study, **The American Beer Market: A Strategic Marketing Analysis and Biennial Review**. The report is published by Business Trend Analysts, Inc., (BTA) a business research and publishing firm headquartered here.

Beer volume, according to BTA, is expected to grow 2.1% for 1984. An average annual growth rate of 2.2% through 1993 is also forecast with consumption reaching 230 million barrels.

BTA reports that light beer sales will continue to outpace the beer industry. Collecting a 20% share of the beer market last year, these beers are projected to exceed one-third of all domestic beer consumption by the early 1990s.

The report also includes statistics and analyses of popular brands, premium and super-premium brands, light beers, malt liquors and imported brands. Regional markets, including market growth state-by-state, are also included.

Other report topics include detailed company and brand share data; company advertising trends and promotional strategies; new products; packaging trends; import data, including sales trends of major foreign brands; exports, price trends; demographic surveys; attitude surveys; channels of distribution; financial trends; company activities; and a special profile of the Canadian market.

The price of the study is $595. For a complete copy of the study, write: Charles J. Ritchie, Reports and Publications Dept., Business Trend Analysts, Inc., 2171 Jericho Turnpike, Commack, NY 11725; or call (516) 462-5454. ☐

Almost 500 attend

SSDT meeting topics range from aseptics to sweeteners

PHOENIX—Almost 500 members of the Society of Soft Drink Technologists attended the society's 31st annual meeting here recently. Indicating the extent to which the group's move to become an international organization has succeeded, eight foreign countries, including South Africa and Australia, were represented at the meeting. Of the 110 new members in 1983, 20 are from foreign countries. The Society now has a total membership of 870.

Interspersed with various committee meetings, members of the society heard numerous papers delivered on subjects ranging from technological expansion within the soft drink industry to a detailed panel discussion on bag-in-box dispensing systems.

Ike Wahba of G.D. Searle Co., in his paper entitled *"Aspartame (NutraSweet) in Beverages,"* informed members of the chemical analyses of the sweetener and how it relates to humans and caloric intake.

(Continued on page 39)

Features

28 **BI Focus: fork lifts, hand trucks**
Industry suppliers of fork lifts, hand trucks and uniforms air their views in an exclusive **BI** survey that reports on sales trends, new innovations and problem areas in their respective industries.

34 **Frantel: "We're No. 3"**
Edward W. Frantel, president and CEO, The Seven-Up Co., talks with **BI** editor Paul Mullins about the industry and the future of Seven-Up. He reaffirms his belief that 7UP is still the third best-selling soft drink in the country.

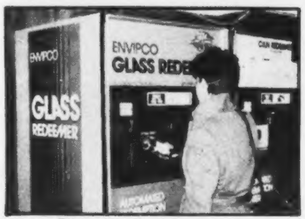
41 **NutraSweet stability examined**
The stability of G.D. Searle & Co.'s NutraSweet is acceptable after six months, the company reports in an in-depth article authored by Searle's technical services manager, Dr. Barry Homler.

47 **Experts' view of efficiency**
In this exclusive report, **BI** asks industry experts and consultants their views of equipment efficiencies and how to improve them. One thing is certain: Line efficiency all depends on the filler.

51 **Profits through recycling**
What started out as a holding action against bottle bills has become a national multi-billion dollar, multi-materials resource recovery industry. Particularly, the growth of aluminum recycling is spectacular from a humble start in 1970.

62 **MEI's big investment**
A $2 million investment has helped to double output for MEI's Contract Beverages in Eagan, MN, and make it one of the most modern and efficient filling plants in the country.

page 34



page 51

Departments

NOW Package 1
Reader Service 7
Focus Report 28
Plant Security 32
Calendar 46
Trucks 60
Beverage Indicators ..66
New Products 69
New Literature 72
Supply House 73
News Makers 74
Classified 75
Ad Index 79
Editorial 82

Soundoff

PET recycling to become fashionable

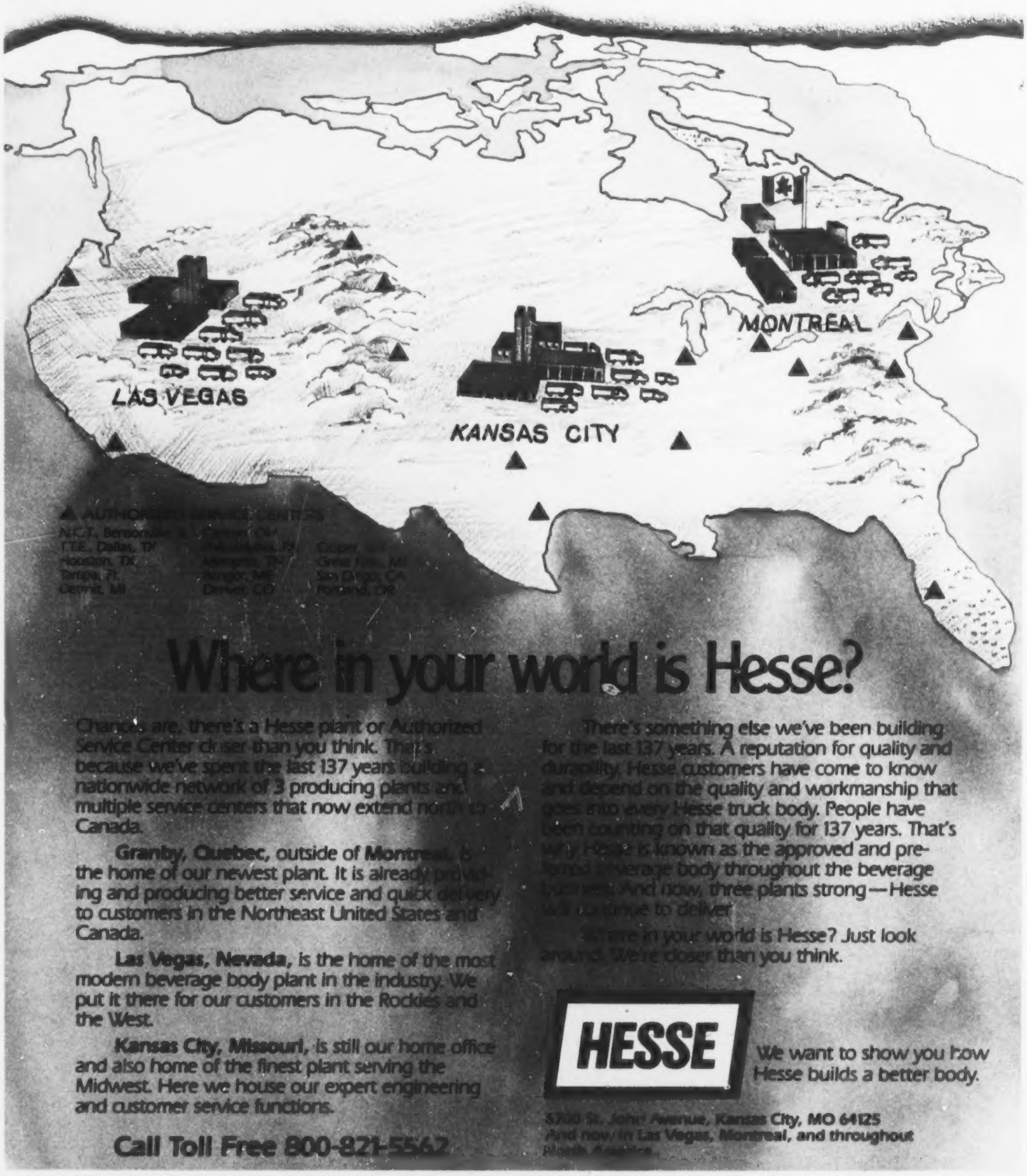
"Present market for recycled PET is dominated by its use in the manufacture of fiberfill. To a lesser extent, unsaturated polyester, strappling and other extruded products are being manufactured from recycled polyester. An estimated annualized 100 million pounds of polyester from post-consumer beverage container scrap is currently being recycled, lending verification that PET recycling is becoming an established reality.

"... some day, using reclaimed PET scrap will be as fashionable as using recycled paper, aluminum cans, or glass bottles. The positive economic and conservation inherent in PET recycling will be driving factors in the continued expansion of the PET recycling business."

—Robert A. Bennett
manager, recycling
Owens-Illinois
at this year's Ryder
Conference on Oriented Plastics

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices; 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices. Copyright - 1984 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.
POSTMASTER: Send address changes to BEVERAGE INDUSTRY, P.O. Box 6529, Duluth, Minnesota 55806.

WHERE'S HESSE?



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Chances are, there's a Hesse plant or Authorized Service Center closer than you think. That's because we've spent the last 137 years building a nationwide network of 3 producing plants and multiple service centers that now extend north to Canada.

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Where in your world is Hesse? Just look around. We're closer than you think.

HESSE

We want to show you how Hesse builds a better body.

5700 St. John Avenue, Kansas City, MO 64125
And now in Las Vegas, Montreal, and throughout North America.

Circle No. 130 on Reader Inquiry Card

Higher distribution costs likely in '84

(Continued from page 1)

with another 44.4% claiming no change in costs.

A large 76.2% of the responding beer wholesalers claim that their costs have increased; 8.9% reported decreases and 14.9% of those responding said their costs have stayed the same.

Meanwhile, 80% of the management for bottled water plants responding to the survey said their distribution costs have climbed while 9.2% said their costs have decreased; 20% of the respondents for the segment said their costs have remained the same.

Cost increasing

Labor is by far the most expensive element in the cost of distribution. It makes up around 35% of the total cost in each of the surveyed beverage segments.

Fuel is next in importance, averaging from a low of 12% in beer wholesaler operations to a high of 17% in bottled water firms. Soft drink warehouses have a higher percentage of their costs in maintenance and replacement of trucks and bodies than do the other beverage industry businesses. (One reason for this possibly is that the "other" category—where warehouses are lowest—include supplies which are normally centrally ordered by the warehouse's headquarter plant. In other words, they are not spending

Profile Of Delivery Vans/Step Vans, Service Vehicles And Other Powered Vehicles

	Beer Distributors	Soft Drink Plants	Soft Drink Distributors	Bottled Water Plants
Average No. of Delivery/ Step Vans	3	2	6	6
Average No. Service Vehicles	3	4	4	2
Average No. of Other Powered Vehicles	16	17	15	12
Average Yearly Mileage (all three types)	64,468	93,610	71,719	17,500
% Owned	91%	100%	83%	100%
% Leased	9%	0	17%	0
Average Age of Vehicles	4 Yrs.	4.7 Yrs.	8 Yrs.	5 Yrs.
Average MPG	12 MPG	11 MPG	11 MPG	11 MPG
Average No. Deliveries Per Day/Per Vehicle	2	2	2	7

Source: SRCH Statistical Research Center of Beverage Industry

Copyright: Beverage Industry June 1984

1983 Distribution costs by specific area

	Beer Whole-saler	Soft Drink Plant	Soft Drink Warehouse	Bottled Water Plant	Total Industry
Labor					
Increased	77.2%	70.6%	87.5%	66.7%	75.5%
Decreased	5.9%	5.9%	5.7%	6.2%	5.9%
Stayed Same	16.8%	23.5%	12.5%	33.3%	21.5%
Avg. Incr. : 8.34% **Avg. Decr. : 5.5%**					
Fuel					
Increased	55%	50%	62.5%	70%	59.4%
Decreased	27%	12.5%	12.5%	10%	15.5%
Stayed Same	18%	37.5%	25%	20%	25.1%
Avg. Incr. : 6.95% **Avg. Decr. : 5.78%**					
Maintenance					
Increased	66.7%	58.8%	75%	75%	68.9%
Decreased	13.1%	5.9%	12.5%	11.1%	10.7%
Stayed Same	20.2%	35.3%	12.5%	25%	23.3%
Avg. Incr. : 14.45% **Avg. Decr. : 12.38%**					
Replacing, adding bodies, trailers					
Increased	55.2%	57.1%	57.1%	55.6%	56.3%
Decreased	7.3%	14.3%	14.3%	11.1%	11.8%
Stayed Same	37.5%	28.6%	28.6%	33.3%	32%
Avg. Incr. : 15.61% **Avg. Decr. : 10.63%**					
Local, State and Federal Taxes					
Increased	51.1%	68.8%	16.7%	50%	46.7%
Decreased	7.8%	6.3%	33.3%	12.5%	15%
Stayed Same	41.1%	25%	50%	37.5%	38.4%
Avg. Incr. : 15.22% **Avg. Decr. : 11.13%**					
Other					
Increased	40%	50%	50%	33.3%	43.3%
Decreased	10%	14.8%	50%	33.3%	27%
Stayed Same	50%	50%	44.4%	33.3%	44.4%
Avg. Incr. : 9.33% **Avg. Decr. : 22.25%**					

Source: SRCH Statistical Research Center for Beverage Industry

Copyright: Beverage Industry June 1984

1984 Expected distribution costs

	Beer Wholesaler	Soft Drink Plant	Soft Drink Warehouse	Bottled Water Plant	Total Industry
Labor					
Increased	67.3%	70.6%	66.7%	88.9%	73.4%
Decreased	5.8%	5.9%	22.2%	7%	10.2%
Stayed Same	26.9%	23.5%	11.1%	11.1%	18.2%
Avg. Incr. 9.73% **Avg. Dec. 7.8%**					
Fuel					
Increased	59.4%	50%	50%	88.9%	62.1%
Decreased	8.5%	6.3%	20%	8.3%	10.8%
Stayed Same	32.1%	43.8%	30%	11.1%	29.3%
Avg. Incr. 7.23% **Avg. Decr. 15.17%**					
Maintenance					
Increased	50%	47.1%	22.2%	66.7%	46.5%
Decreased	16%	5.9%	22.2%	11.1%	13.8%
Stayed Same	34%	47.1%	55.6%	22.2%	39.7%
Avg. Incr. 13.76% **Avg. Decr. 14.24%**					
Replacing/adding trucks and bodies					
Increased	60.4%	38.5%	42.9%	80%	55.5%
Decreased	6.9%	5.4%	6.2%	7.1%	6.4%
Stayed Same	32.7%	61.5%	57.1%	20%	42.8%
Avg. Incr. 9.8% **Avg. Decr. 42.6%**					
Local, State and Federal Taxes					
Increased	50.5%	46.7%	14.3%	66.7%	44.6%
Decreased	4.1%	3.1%	5.4%	4.8%	4.4%
Stayed Same	45.4%	53.3%	85.7%	33.3%	54.4%
Avg. Incr. 4.88% **Avg. Decr. 3.14%**					
Other					
Increased	40.9%	25%	50%	100%	54%
Decreased	4.5%	25%	10.5%	6.7%	11.7%
Stayed Same	54.5%	50%	50%	48.2%	50.7%
Avg. Incr. 5.10% **Avg. Decr. 6%**					

Source: SRCH Statistical Research Center for Beverage Industry

Copyright: Beverage Industry June 1984

more on maintenance and trucks, only that it is a higher percentage of their total costs.)

More than half the operations experienced increases in nearly every major category in '83 and virtually the same percentage is projecting increases in '84. The average increase expected in labor costs is 9.73%; in fuel, 7.23%; in maintenance, 13.76%; in replacement and addition of new trucks and bodies, 13.76%; and in taxes, 4.88%.

More than half of all operators, however, expect the increases to be less than $500,000. Surprisingly, 10.5% of the soft drink plant respondents say they expect their increases to be considerably over $1.5 million.

Projected increase in distribution costs 1984

Total	Beer Wholesaler	Soft Drink Plant	Soft Drink Warehouse	Bottled Water Plan	Total Industry
Under $500,000	55%	52.2%	57.0%	50.0%	63.6%
500,001-600,000	11.3	11.9	10.5	10.0	9.1
600,001-700,000	4.0	4.6	5.0	*	9.1
700,001-800,000	7.9	9.1	5.3	10.0	*
800,001-900,000	4.0	4.6	4.6	10.0	*
900,001-$1 Million	2.6	3.7	1.8	*	*
$1 Million-$1.5 Million	7.3	7.3	5.3	10.0	9.1
Over $1.5 Million	8.6	7.3	10.5	10.0	9.1

Source: SRCH Statistical
Research Center
for Beverage Industry

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June 1984

The majority of beer wholesaler and soft drink firm respondents indicated they had not increased the number of beverage trucks in the past year: 56.5% of the wholesalers; 68.2% of the soft drink firms.

Roughly 30% of these firms, however, indicated they had increased the number of trucks during the past year: 27.8% of the wholesalers; 29.1% of the soft drink respondents.

On the bottled water side, the reverse was true. Only 36.4% of the firms said the number of trucks had remained the same; 63.6% of these firms increased the number of trucks.

The average increase for all three industries was 17.5% for trucks.

Meanwhile, 15.7% of the wholesalers decreased the number of trucks used and 13.6% of the soft drink operators did the same.

The decrease in the number of trucks was more than made up by the increased use of trailers across the board; 11% of the wholesalers; 22.2% of the soft drink firms; and 20% of the bottled water operations indicated they had added tractors to their fleets.

The average number of trailers added per operation was 8.9. (Three respondents indicated 100-plus; their responses, however, were not included in the average.)

The number of route trailers used, according to the respondents, increased an average of 36.3% while averaging a decline of 15.3%. Figures for all three industries are: increase, 16.9%; decrease, 3.6%; no change, 83.1%.

More than half of all operations, however, expect increases to be less than $500,000

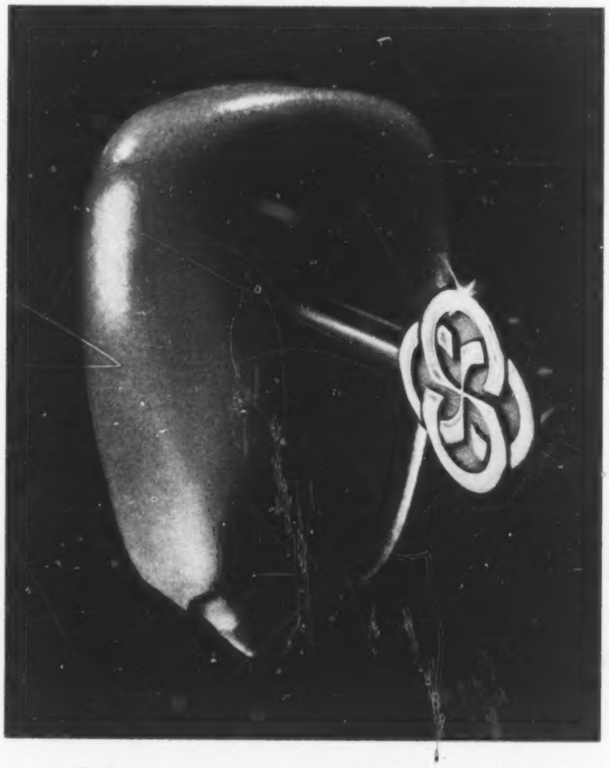
Eleven percent of the beer wholesalers reported an increase while only 3.7% reported decreases; 85.4% of those polled, however, said that the number of route trailers used has remained the same.

The soft drink industry recorded the largest increase among the three industries. Soft drink warehouses claim to have increased their route trailers by 22.2% while 4.3% say they have decreased their trailers while the remaining 77.8% of those polled say they have neither increased nor decreased their route trailer numbers. In the soft drink plants, 14.3% of the respondents say they have increased their route trailers with 2.7% decreasing their numbers. A large 85.7% claim no increase or decrease.

Meanwhile, 20% of those in the bottled water industry report an increase in route trailers used while 3.5% say they have decreased route trailer use; 80% claim no change.

Tel-sell growing

Use of tel-sell techniques will continue in the industry. A total of 19% of the respondents from soft drink plants



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For today's food or beverage processor, striving to increase sales, gain approvals and improve margins, it just makes good sense to use the best ingredients available. This is especially true when, as is the case with Staley sweeteners, they cost no more than competing products.

It's been 'service', 'price', 'quality' and 'invention' that have put Staley at the forefront of the sweetener industry and our continued dedication to these values will keep us there.

If your name stands for quality, count on the quality sweeteners from Staley!

A.E. Staley Mfg. Co.
2200 E. Eldorado St.
Decatur, Illinois 62525
217/423-4411

Staley

Circle No. 158 on Reader Inquiry Card

Percentage of costs by areas

	Beer Wholesaler	Soft Drink Plant	Soft Drink Warehouse	Bottled water Plant	Total Industry
Labor	35.0%	34.0%	35.0%	39.0%	35.8%
Fuel	12.0	15.5	15.7	17.0	13.6
Maintenance	11.2	12.5	17.3	13.4	12.5
Replacing-adding trucks and bodies	10.9	9.9	19.8	8.3	10.1
Taxes	10.7	7.1	5.6	8.9	9.9
Other*	20.2	21.0	6.6	13.4	18.1

Source: SRCH Statistical
Research Center
for Beverage Industry

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June 1984

* Includes overhead and supplies (tires, lubricants, etc.)

Computer use in distribution operation

	Beer Wholesaler	Soft Drink Plant	Soft Drink Warehouse	Bottled Water Plant	Total Industry
Inventory Control	94.2%	80%	71.4%	28.6%	66.6%
Printing Invoices	68.1%	90%	85.7%	85.7%	82.4%
Receiving/Entering Orders	78.3%	50%	85.7%	14.3%	57.1%
Producing Order Pick Sheets	34.8%	20%	57.1%	22.2%	33.5%
Mapping Delivery Routes	8.7%	10%	42.9%	28.6%	22.6%

Source: SRCH Statistical
Research Center
for Beverage Industry

Copyright: Beverage Industry
June 1984

P[illegible]le of straight truck fleets by industry segment

	Beer Distributors	Soft Drink Plants	Soft Drink Distributors	Bottled Water Plants
Average No. Straight Trucks per firm	. 18	21	17	7
Average Yearly	102,987	9,049	85,399	8,203
% of Straight Trucks Owned	90%	100%	75%	100%
% of Straight Trucks Leased	10%	0	25%	0
Average Age of vehicles	4.8 Yrs.	4.9 Yrs.	6.8 Yrs.	6 Yrs.
Average MPG	5.79 MPG	5.8 MPG	6 MPG	7 MPG
Average No. Deliveries per day/per vehicle	14	15	12	15
Average size (weight) of vehicles	23.685 lbs.	24,269 lbs.	24,844 lbs.	21,171 lbs.

Source: SRCH Statistical Research
Center for Beverage Industry

Copyright: Beverage Industry
June 1984

and warehouses did not use the methods, but 6% of this base said they intend to start. Of those already in tel-sell, 13.6% said they intended to expand their usage. No one indicated they were decreasing coverage.

Among beer wholesalers, tel-sell is not widely used; 76% of the respondents in this industry said they did not use it. Of those who do, 26% are planning to expand coverage and 3.8% said they were decreasing usage.

In the bottled water industry, tel-sell is used by 45.4% of the respondents. But, 45.5% of these firms indicated they are expanding this service; no one indicated they were decreasing usage.

All three industries will continue to service low-volume accounts as in the past. But, 27.3% of the soft drink plants and warehouses indicated they have reduced service because of the higher distribution costs for these accounts with 4.5% indicating they had discontinued service to some low-volume accounts.

Although 79.2% of the beer wholesalers said service would remain the same, 17.9% indicated that it would be restricted. Only 2.8% said they have discontinued service.

The great majority of fleet personnel are company-employed as opposed to being "leased with the vehicles." According to the survey, over 98% of the employees in distribution are hired directly by the company.

Most of the drivers are not unionized; 71.7% of the wholesalers, 63.9% of the soft drink firms and 88.9% of the bottled water plants are not organized. Of those which are unionized, 40.5% are affiliated with national Teamsters and 56.8% with a local.

Unionized drivers and helpers make more money, of course. The average hourly rate for unionized drivers was $10.22; nonunion drivers average $8.26 per hour. Salaries reported ranged from a low of $90 per week to a high of $540 per week. Unionized helpers are paid an average of $7.47; non-union helpers receive $5.22 per hour.

Unionized mechanics average $12.38 per hour; nonunion mechanics are compensated at $10.69 per hour. Some of the operators indicated they used "outside" mechanics, usually as part of their leased-vehicle contract. In those cases, the firm paid an average of $19.98 per hour.

The results of the survey also show that commissions are used by more than 50% of the beverage firms responding. They range from 10 cents a case in one example up to $28,000 a year in others.

Computers expanding

Since computers first found a home in the beverage business as the most convenient and fastest means of billing and invoicing, their use has expanded greatly. One-third of the respondents indicated they were currently using computers in their firms.

Inventory control and invoicing are the major uses to which the equipment is put, but 10% of the soft drink plants and 42.9% of the soft drink warehouses are now using computers for mapping and controlling delivery routes.

(Introduction of the new maintenance and fleet soft ware, evidently has not reached significant enough levels to be shown in the survey.) ☐

Methodology of study

With the increased use of computers, beverage operators have begun to obtain more and more data on fleets. In most cases, however, the computer only gives own-plant data against which to evaluate results.

To provide bench marks for the industry **Beverage Industry** decided to survey a select cross section of the three major industries: soft drink plants and warehouses; beer wholesalers; and bottled water plants and distributors. A total of 2,500 surveys were mailed, concentrating primarily on the larger plants, warehouses and wholesalers.

Two hundred ninty-nine responses were received—109 from beer distributors; 119 from soft drink plants; 40 from soft drink warehouses; 31 from bottled water plants.

Front page art is courtesy of Hackney & Sons Inc. ☐

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Beverage cos. require flexibility in fork lifts

Special Report—Making a strong case for the newly-revived economy, a high 67% of fork lift truck manufacturers reported sales increases during the past six months, according to tabulated returns of a survey involving top industry suppliers.

The survey, the sixth in a series of 12 trend reports that **Beverage Industry** will publish this year, is compiled from personal interviews and survey forms received from nearly every major beverage industry supplier of fork lift trucks.

According to the returns, the fork lift industry is experiencing the following trends:

- Bottlers and other beverage manufacturers are looking at electrical fork lifts with longer duty cycles;
- Other beverage producers are concerned about compact dimensions; state-of-the art electronics; a double-carriage front end; and increased flexibility to handle many jobs.

Hyster Co., Danville, IL, has just introduced its line "XL" lift trucks.

What do these trends mean to the beverage industry? It could mean that beverage producers will be purchasing cost-effective top-grade fork lifts from manufacturers who wish to regain a foothold in the ever-changing American marketplace.

Sales up

Although 67% of the responding companies report sales increases, 33% report that they suffered sales losses. All of the fork lifts suppliers did not elaborate or speculate as to why they incurred sales decreases.

Of the firms reporting sales gains, one company reports a 30% gain in sales for the soft drink industry while a second firm reports to have lost a high 50% in sales within the soft drink industry.

By contrast in the beer industry, a fork lifts manufacturer recorded sales increases of 60% while a competitor jumped seven percent in sales.

Meanwhile, the wine industry was just as generous with some companies. One firm says they gained 35% in sales within this segment.

Why are sales of fork lift trucks to the beverage industry increasing or, in some cases, decreasing? Says Cliff Bigley, gm of White Lift Trucks of Hopkins, MN: "Towmotors are being purchased on price only. The imported equipment is available at give-away prices only to obtain a large market share.

"The life of equipment, the service or repair parts are not a factor in the original purchase," maintains Bigley. An unidentified manufacturer, meanwhile, reports "a built-up demand for fork lift trucks in the previous three years is now being alleviated."

Fork lift types

An even 80% of the sales for one manufacturer to the soft drink industry is shipping propane-powered trucks while another supplier claims that 50% of his sales are comprised of propane-powered vehicles. Electric fork lifts to the soft drink industry comprise 20% of sales for one supplier; 25% for a second manufacturer; and 40% for a third supplier. The same percentages are standard for the beer and wine segments for propane and electric vehicles, respectively.

Some manufacturers claim they build a specific model exclusively for the beverage industry. For instance, Pam Schwaller of Towmotor Corp. of Mentor, OH, says that the company manufactures 14 different models for the industry—F25, F35; T25D, T35D; V25D, V35D; M20, MC30; M40B, M100B; T35C, TC50C, and V40C, VC60C. "The first four model families are highly maneuverable and operate well in tight spaces. They are ideal for the beverage industry," claims Schwaller.

Towmotor Corp.'s F25-F35 models feature advanced hydrostatic rack and pinion

Route personnel account for 62% of uniform sales

Exclusive—Although uniform suppliers have diversified into a number of areas—promotional items and executive wear, primarily—sales for route personnel account for 62.5% of total industry sales. Uniforms for warehouse and production personnel are next in importance with 15% and executive wear comes in fourth with 7.5%

According to a **Beverage Industry** survey of major industry suppliers, total sales to the industry were up slightly in 1983, reversing a trend of the past five to six years. One-fourth of the suppliers indicated that sales have stayed the same. For those reporting increases, the averages are: soft drink industry, up 3.1%; distributors and breweries, up 9.2%; and wineries, up 3.5%.

Consolidation

The primary reason for the flat sales has been the consolidation of plants and, as a result, stable or declining number of employees. Overdue replacement was sighted as the major reason for increases.

Half of the suppliers will assist customers in setting up either an in-plant laundry or arranging for a local firm to provide the service.

Suppliers report that they can perceive no major problems in the products they offer to the industry. Cost and style, however, are considered to be "somewhat of a problem" by three out of the four suppliers surveyed. Durability, stain resistance and appearance all received high marks on the survey and were marked either "not much of a problem at all" or "no problem at all."

Beverage industry purchases of uniforms

Category	%/sales
Executive wear	7.5%
Production	14%
Warehouse	15%
Route personnel	62.5%

Copyright: Beverage Industry
June 1984

Among new products being offered, executive wear was mentioned by three of the four. Promotional items—ranging from tee shirts to warm-up jackets—are also being introduced.

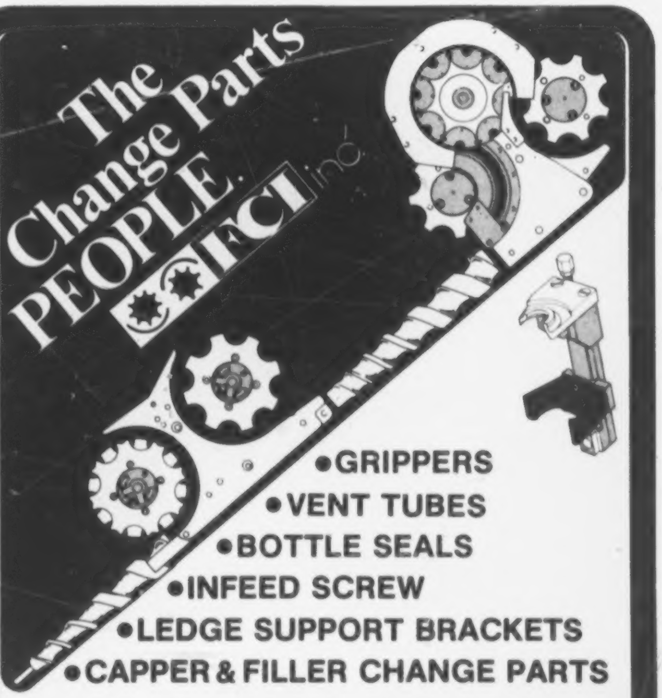
As for trends, a spokesman for Unitog summarized:

"Beverage manufacturers and distributors will continue to want features in their garments which are conservative and fashionable. To a larger degree they want garments that are easy to work in, comfortable and durable.

"In production facilities they want garments that not only adhere to OSHA standards but want the uniform to be clean, crisp and neat in appearance. Outside sales people do not want uniforms that are 'costume looking' in appearance but rather the more tailored type.

"Executive image garmets are being worn more frequently in the supervisory levels."

- For more information on uniforms and supplies from specific firms, circle no. 260 for **Celanese Fibers**; circle no 261 for **Cone Mills**; circle no. 262 for **Red Kap Industries**; circle no. 263 for **Riverside Manufacturing**; circle no. 264 for **T-Shirtery**; circle no. 265 for **Unitog Co.** ☐



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power steering; high visibility masts and separate drive motors for smoother operation in sharp turns. The company's T25D-T35D models are designed for applications where work space is tight. These units, according to company officials, have a 66-in. turning radii. The firm's "V" series are suited to jobs requiring high traction—dock work, yard work or towing. The company's M20-MC30 models are designed for narrow aisle traveling and block stacking.

Bigley says that the line of White Lift Trucks is adaptable. "We have true industrial, long-life equipment. The trucks have low overhead clearance and are maneuverable and provide easy service," he says. The company offers four upright models with 3,000-lb. to 5,000-lb. load capacity; hydralizer four-point suspension; and 2,000-lb. to 8,000-lb. "I" beam uprights.

Other models

Yale Industrial Trucks of Flemington, NY, has the "ERC-A" models which, according to the firm, are the only trucks "in their class that merit lifting capacity ratings from 2,500- to a full 4,000-lbs." The company's ERC-B models have slightly larger frames for longer work cycles in 3,000-, 3,500- and 4,000-lb. capacities.

> *"Towmotors are being purchased on price only."*
> *—Cliff Bigley*
> *White Lift Trucks*

Meanwhile, Hyster Co. of Danville, IL, claims to have developed a fork lifts "dramatically different from its competitors," according to Lou Sponseller, advertising and sales promotion manager.

The fork lift is in the company's "XL" line, expanding into the 4,000-, 5,000- and 6,000-lb. capacity trucks. According to officials, the fork lift feature tight-turn maneuverability in limited space areas—boxcars, truck trailers, warehouses, bottling and manufacturing facilities.

• For more information on **Towmotor Corp.**, circle no. 266; on **White Lift Trucks**, circle no. 267; on **Yale Industrial Trucks**, circle no. 268; on **Hyster Co.**, circle no. 269; on **Allis Chalmers Corp.**, circle no. 270; on **Clark Equipment Co.**, circle no. 271; on **Crown Lift Trucks**, circle no. 272; on **Eaton Corp.**, circle no. 273; on **Nissan Industrial Equipment Co.**, circle no. 274; on **Toyota Industrial Trucks USA**, circle no. 275 on reader service card. ☐

Hand truck sales grow over last six months

EXCLUSIVE—Sales demand for hand trucks to the beverage industry has significantly increased over the last six months, according to a survey of key industry suppliers by **Beverage Industry**.

Of the suppliers responding, 77.8% say they have seen a sales increase to the soft drink industry; 80% in the beer industry; and, only 33.3% in the wine industry.

Of the 77.8% that saw increases in the soft drink industry, responses ranged from increases of 5% to 125% in hand truck sales. One respondent did report a 30% decrease in business.

In beer, of the 80% that saw increases, the percentages ranged from 5% to 25%. No supplier reported a decrease in business.

In wine, the situation is different. A third of the respondents saw an increase, while two-thirds actually reported a decrease in sales over the last six months.

Reasons for these recent sales trends are varied.

"The economy is better. Venders and vending departments are placing more machines," reports one sup-

(Continued from page 71)

Importance of hand truck features

	Very important	Somewhat important	Not too important	Not at all important
Compactness	25%	50%	25%	0%
Load capacity	50%	50%	0%	0%
Quality	87.5%	12.5%	0%	0%
Durability	87.5%	12.5%	0%	0%
Maneuverability	50%	37.5%	12.5%	0%

Source: SRCH, Statistical Research Center for Beverage Industry

Copyright: Beverage Industry June 1984

REFRESHING NEWS FOR COCA-COLA BOTTLERS.

If you're a bottler or repackager of Coca-Cola products, here's refreshing news:

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We're ready to be your alternate source, your emergency source, or your only source for post-mix or pre-mix containers. Try us, try our product. It'll be a refreshing change.

For more information, contact Brenda Sentell, 1901 Sylvan Road, Dyersburg, Tennessee 38024, (901) 285-9607.

HOOVER UNIVERSAL

Circle No. 132 on Reader Inquiry Card

Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
Cola	314.3	319.9	1.8	312.9	2.2
Other carbonated soft drinks	148.8	149.1	0.2	145.2	2.7
Noncarbonated drinks	141.8	143.8	1.4	141.0	2
Wine	232.1	232.2	0.04	235.6	(1.4)
Beer and ale	225.5	225.7	0.1	213.3	5.8

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "Market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	September 1983	October 1983	% Change	October 1982	Oct. '82 vs. Oct. '83 % Change
Glass Bottle Production Total Bottles:	24,909	22,792	(8.5)	25,956	(12.2)
Beverage: Refillable	200	140	(3)	337	(58.5)
Nonrefillable	5,189	4,415	(14.9)	4,551	(3)
Beer: Refillable	184	137	(25.5)	33	315.2
Nonrefillable	7,391	6,790	(8.1)	8,889	(23.6)
Liquor	1,276	1,378	8	1,447	(4.8)
Wine	735	820	11.6	718	14.2
Plastic Bottle Production* Carbonated beverages	165,852	168,320	1.5	206,339	(18.4)

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Beer*	16,133,442	15,394,372	(4.6)	13,012,143	18.3
Whiskey	7,331,946	8,663,859	18.2	5,541,583	56.3
Brandy	710,761	638,228	(10.2)	564,443	13.1
Gin	703,016	494,408	(29.7)	482,505	2.5
Cordials & liqueurs	1,105,968	803,856	(27.3)	957,715	(16.1)
Others	993,696	1,027,643	3.4	655,164	56.9
Total	27,099,883	27,132,248	0.1	21,284,807	27.5
Sparkling wines	1,482,361	1,715,174	15.7	1,287,984	33.2
Still wines, table	10,441,302	10,346,685	(0.9)	10,559,344	(2)
Still wines, fortified	361,402	299,709	(17.1)	323,755	(7.4)
Vermouth	291,737	289,169	(0.9)	255,132	13.3

*Includes ale, stout, porter

Source: National Association of Beverage Importers

Closures for Beverages (thousands of gross)

	September 1983	October 1983	% Change	October 1982	Oct. '82 vs. Oct. '83 % Change
Metal (for spirits, wines)*	63,752	62,652	(1.7)	57,473	9
Plastic (for spirits, wines)*	140,528	120,161	(14.5)	141,818	(15.3)
Metal Crowns (beer & soft drinks)	14,203	13,238	(6.8)	16,014	(17.3)
Soft drink (convenience and conventional)	6,189	5,150	(16.8)	5,643	(8.7)
All other metal closures other than crowns	8,287	7,921	(4.4)	6,039	31.2

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
Soft drinks	331.6	332.6	0.3	324.9	2.4
Alcoholic beverages	206.1	207.6	0.7	201.4	3.1
Beverages and beverage materials	266.5	268.4	0.7	260.9	2.9
Packaged beverage materials	330.0	335.9	1.8	326.2	3

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	January 1984	February 1984	% Change	February 1983	Feb. '83 vs. Feb. '84 % Change
55% Corn Cyrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	0	14.25	0
Sugar, liquid ind. no. 2 per cwt. solids. F.O.B. (N.E. refinery)	31.45	31.45	0	32.20	(2.3)

NA: Not Available

Source: The Journal of Commerce

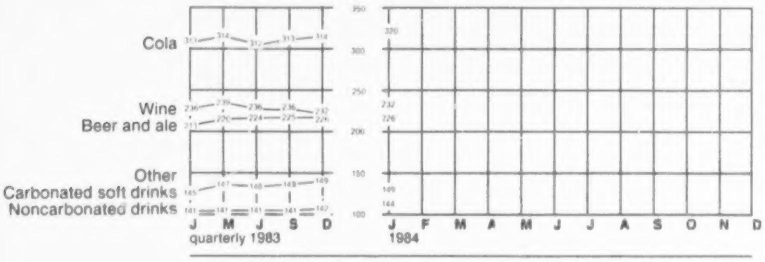
Alcoholic Beverage Removals (barrels of 31 gals)

	October 1983	November 1983	% Change	November 1982	Nov. '82 vs. Nov. '83 % Change
Beer	13,769,109	13,303,666	(3.4)	13,339,826	(0.3)
Wine*	38,873,152	37,623,353	(3.2)	73,909,697	(49.1)
Spirits*	36,951,649	31,587,024	(14.5)	34,516,869	(8.5)

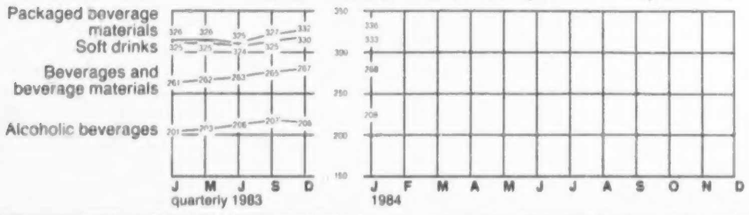
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

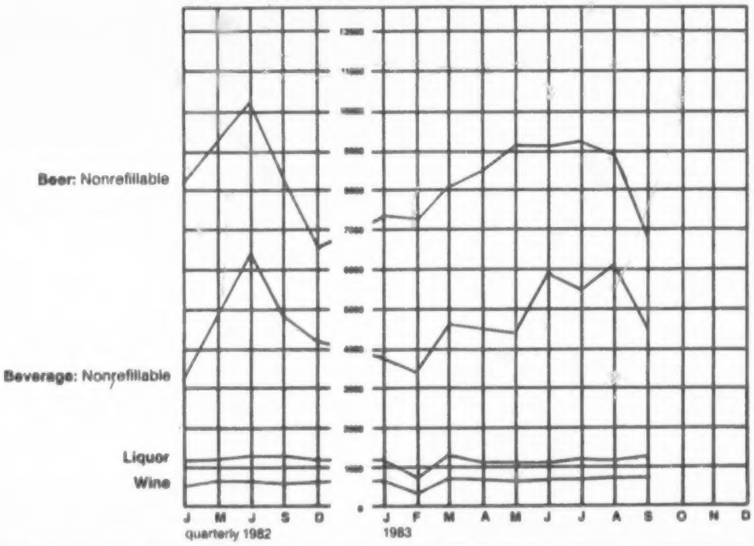
1984 Consumer Price Index (1967 = 100)



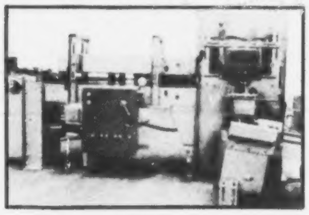
1984 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

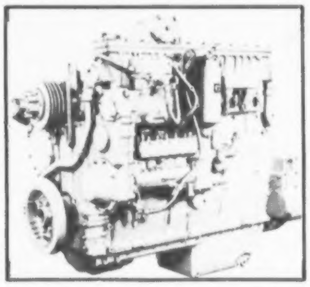


Carton up-ender machine: This carton up-ender is an all-mechanical device that operates from line pressure to turn cartons on their narrow side for infeed into the packing chamber. By feeding on their narrow side, the cartons need only two pump-ups to form a case load, instead of the three pump-ups that would be required if they fed on their wide side. Thus, speed of this case packer is increased by one-third. **A-B-C Packaging Machine Corp.**

Circle no. 298 on service card

Wine serving centers: Reed Wine Centers chill, display, and dispense wine, using either nitrogen headspace displacement dispensing for bottled wines or electric power pumping for wine in the bag-in-box. Even the wine in the pumps is chilled because it is inside the cooling compartment. The centers come in two styles—Victorian with brass and teak finish; and Continental with black stipple and chrome. **Reed Industries.**

Circle no. 299 on service card



Pneumatic-tire, internal combustion engine lift trucks: The new V25 to V35 Series D, pneumatic-tire, internal combustion engine lift trucks are said to be the industry's most compact in the 2,500- to 3,500-lb. capacity range. Low machine profile has driver's seat only 37-in. high. Gasoline, LP-gas and diesel engines are available as factory options. Other special features include single-speed power shift transmission with full power reversing capability, hydrostatic steering and hydraulic service brakes. **Caterpillar Lift Trucks.**

Circle no. 300 on service card

Centrifugal separator: The new AX215 centrifugal separator has a larger bowl with more intermediate discs, giving a 27% higher capacity and 44% greater solids holding space than its predecessor, AX213. The AX215 develops a peripheral centrifugal acceleration of over 14,000 gravities. It was developed for fine particle separation and liquid polishing. It occupies less than one-quarter of the floor space required for a precoat filter of similar capacity. The centrifuge can be cleaned in place and is available in either a fully hermetic or in a paring disc design with Hydro-Heremetic outlet. **Alfa-Laval Inc.**

Circle no. 301 on service card

Programmable data terminal: Scorepak IV is a new programmable data collection terminal with 32K Bytes memory. Possible uses besides order entry include inventory control, salesman order logging and market research. It has an option 2-line alpha-numeric display, 29-key keyboard, and is capable of reading any bar-code automatically. Scorepak IV is designed for use in conjunction with Scoreplan software systems though it is compatible with most existing communication systems. An option is direct connection to a printer. **Azurdata Inc.**

Circle no. 302 on service card

Cushion tire/engine powered lift trucks: Availability of cushioned tire internal combustion engine-powered lift trucks in the 2-6,000-lbs. capacity range is announced. Four engines are available of in-line, 4-cylinder, overhead valve design. Wide span mast is standard. Steel rod overhead guard is an integral part of frame. **Toyota Industrial Trucks, U.S.A. Inc.**

Circle no. 303 on service card

Hand truck sales grow over last six months

(Continued from page 29)

plier. But another states: "Our business is increasing because of our competitiveness and our ability to meet the customer's needs."

George Dabb, president of Ultra Lift Corp., says there are major cost savings associated with handling vending machines with his Ultra Lift. "One man with an Ultra Lift can do most deliveries and installations versus the two to four people it would take using a non-powered hand truck."

Suppliers ranked what they considered the most important qualities in hand trucks to beverage industry customers, and quality of construction and durability rank at the top. Load capacity and maneuverability also ranked high in importance while compactness was somewhat important.

Suppliers also reported what they considered the biggest problem or concern to beverage customers seeking to purchase hand trucks. While cost was the primary concern, suppliers believe beverage industry customers are also concerned about quality of construction, maintenance and maneuverability.

Suppliers gave a wide range of answers when asked what advances or new features were desired by beverge customers.

"Manufacturing a lighter piece of equipment, which is of steel construction," one supplier replied. "Other metals, in our opinion will not hold up."

"Distributors that we work with are very interested in reducing labor expenses and minimizing risk of injury to workers," said Ultra Lift's Dabb.

Other advances

Other advances and features that are considered important include "more efficiency per stop," "less breakdown," "new innovations for loading and unloading" and "lower maintenance costs."

- For more information on **American Manufacturing Co.**, circle no. 229 on the reader service card; on **Bonus Bilt**, circle no. 230; on **Brooks & Perkins Inc.**, circle no. 231; on **Chavez-Flamme Co.**, circle no. 232; on **Cumberland Corp.**, circle no. 233; on **Eaton Corp.**, circle no. 234; on **Escalera Inc.**, circle no. 235; on **Harper Trucks**, circle no. 236; on **Haynes Manufacturing Co.**, circle no. 237; on **International Beverage Supply Inc.**, circle no. 238; on **Kolstad Co.**, circle no. 239; on **Lewisystems/Menasha Corp.**, circle no. 240; on **Leyman Manufacturing Corp.**, circle no. 241; on **Greg Lund Products**, circle no. 242; on **Magline**, circle no. 243; on **Marsh Enterprises**, circle no. 244; on **Metropolitan Wire Corp.**, circle no. 245; on **Pow-R-Climber Hand Trucks Co.**, circle no. 246; on **Rampmaster Inc.**, circle no. 247; on **Rapids Inc.**, circle no. 248; on **Techno Products, Inc.**, circle no. 249; on **Ultra Lift Corp.**, circle no. 250; on **Valley Craft**, circle no. 251; on **Wesley Corp.**, circle no. 252; on **Wico Corp.**, circle no. 253; on **Woodward Co.**, circle no. 254. ☐

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE

July 1984

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

AN HBJ PUBLICATION

Milwaukee a battlegound - page 22

The retail shift

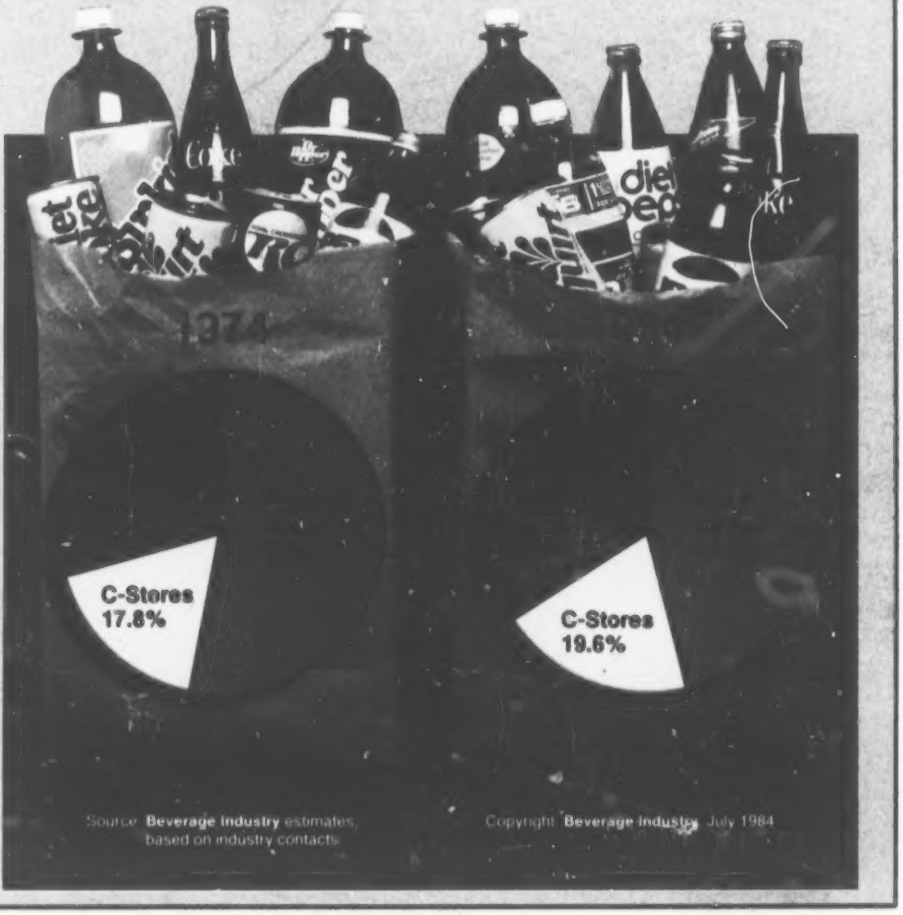
Bottlers diversify SD sales

Special Report—In an effort to increase sales, bottlers are increasingly diversifying their distribution of soft drinks to retail outlets. Convenience stores, general merchandise stores and vending are playing a bigger role now than ever in sales at the expense of food markets, a BI poll of bottlers and consultants has shown.

This trend has been ongoing at least over the last 10 years as evidenced by distribution market share numbers as determined by a BI survey (See chart.)

Fundamentally, bottlers agree the distribution shift has come about through an effort to increase sales by making product available in

(Continued on page 54)



Source: Beverage Industry estimates based on industry contacts

Copyright Beverage Industry July 1984

InterBev speakers selected

Washington, D.C.—Some 30 internationally recognized beverage industry leaders will be featured speakers at InterBev '84, the International Beverage Industry Exhibition & Congress, slated for Nov. 12-15, at Chicago's McCormick Place.

InterBev '84 will launch an industry tradition with its all-beverage congress, the first event of its kind for the beverage industry.

Donald R. Keough, president of The Coca-Cola Co., will be the keynote speaker at the InterBev congress. Keough will discuss the global contribution of the soft drink industry. Ronald V. Davis, president of The Perrier

(Continued on page 53)

BI Report

■ SACCHARIN MORATORIUM bill has been introduced into the House of Representatives by Rep. Foley (D-Wash.) majority whip. The legislation would extend use of saccharin three years past the current expiration date, April 22, 1985.

■ MEI MAY BE NEXT

(Continued on page 64)

Coke foresees new products, innovation

Atlanta—Coca-Cola U.S.A. president Brian G. Dyson told about 3,000 bottlers and guests here June 28 at a fast-paced business meeting that the future holds no limits. "If there's a better product we'll make it...if there's a better way we'll find it," he said.

Titled "Get Together '84," the presentation of the day-long event condensed the traditional three-day business meeting into a two and a half-hour presentation that had glitter and chorus lines, but emphasized substance, including 21 new television spots that are extensions of existing campaigns.

The aim, company officials said, was to assure the next five years would be as successful as the last five. What in the past had been done in two and a half days of meetings, Dyson accomplished in an explosive, dynamic two-hour meeting that examined the past and future.

"We have a reason to celebrate today," he stressed, "to celebrate our mutual purpose, our common effort, our spirit of

(Continued on page 18)

Pepsi rolling out Slice

Slice, new from Pepsi-Cola, makes its debut on store shelves in Tulsa and will be backed by a multi-million dollar ad budget.

Tulsa, OK—Pepsi-Cola Co. recently introduced "Slice," the first major soft drink with a blend of 10% real fruit juice. Available in regular and diet versions, the lemon-lime beverage made its debut on Tulsa store shelves June 4.

"Our blend of 10% real fruit juices separates Slice from the current category leaders. It offers a real point of difference," says Roger Enrico, president and CEO, Pepsi-Cola U.S.A. Slice will use a NutraSweet/saccharin blend in the diet version.

Slice will be available in 2-L PET; 12-oz. cans; and 16-oz. NR and will be backed by a $30 million ad campaign and the slogan, "We Got the Juice." ☐

BI Now Package

New from Interpack

Secondary aseptic packaging from Meurer Co.; PET cans (white) from Thermoforming Spa; four plastic containers by Nissei—a flask, can and two bottles; new closures from VAW Aluminum (green) and Bender Werke. All were shown at Interpack. See page 40.

Features

6 Deposit laws hurt states

A new study by the Can Manufacturers Institute reports that eight states and the feds have lost nearly $75 million since the inception of bottle laws in the United States.

13 Merchandising tools studied

Competition is heating up and merchandising of cold product is the issue this summer. **BI** explores the latest trends.

20 Qualifying water quality

Beverage producers are responsible for maintaining high quality water for their beverages. Billions of consumer dollars rest on bottlers' decisions.

22 Milwaukee market study

BI has another market city report brewing. "There's a special place for beer in Milwaukeean's hearts," Marty Westerman reports.

38 Triangle opens $7.5 mil. CEW

Triangle Distributing Co. of Sante Fe Springs opened the largest beer distributorship facility in CA. The modern facility cost $7.5 million.

40 New products from Interpack

U.S. beverage producers who attended Interpack in Dusseldorf, West Germany, discovered a mecca of worldwide packaging featuring the lastest in U.S. and European technology.

page 22

page 38

Departments

Reader Service 7
Focus Report 20
Plant Security 26
Trucks 30
Beverage Indicators ..37
NOW Package 40
Calendar 53
New Products 55
New Literature 56
Classified ads 57
Ad Index 60
Editorial 66

Soundoff

Complaining consumes too much time

"Self-commiseration, sitting around and complaining and bemoaning our fate is a disease, a destructive disease. It never did anybody the least bit of good except possibly a manufacturer of pocket handkerchiefs. Complaining and bemoaning one's fate consumes time that would be much better spent strengthening assets and reducing liabilities to get your company in the best possible position to take advantage of the coming upturn. Let's get off the dime. The world hasn't come to an end. Americans haven't stopped drinking. Profit pictures aren't carved in stone. Peaks and valleys (are) in every business, and we're soon going to start climbing toward the warm sunshine of the peaks.

—Howard S. Feldman
chairman
Schenley Industries, Inc.
speaking at the 41st annual meeting of the Wine and Spirits Wholesalers of America, Inc., New Orleans, May 14.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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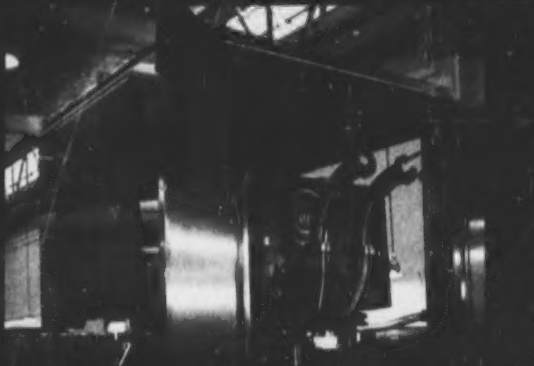

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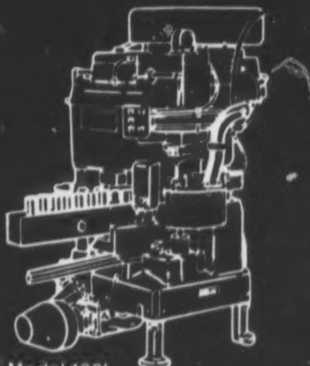

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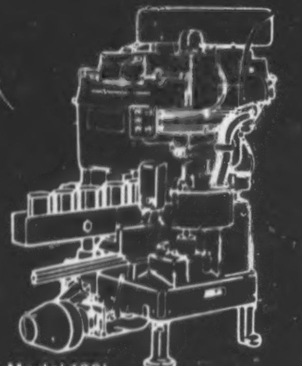

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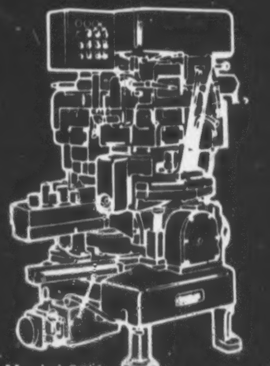

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R·O·I

Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	January 1984	February 1984	% Change	February 1983	Feb. '83 vs. Feb. '84 % Change
Cola	319.9	318.3	(0.5)	312.5	1.9
Other carbonated soft drinks	149.1	152.6	2.3	147.4	3.5
Noncarbonated drinks	143.8	144.5	0.5	140.6	2.8
Wine	232.2	232.4	0.09	234.7	(1)
Beer and ale	225.7	227.7	0.9	217.4	4.7

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "Market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	October 1983	November 1983	% Change	November 1982	Nov. '82 vs. Nov. '83 % Change
Glass Bottle Production Total Bottles:	22,792	20,260	(11.1)	22,906	(11.6)
Beverage: Refillable	140	253	80.7	314	(19.4)
Nonrefillable	4,415	3,978	(9.9)	4,169	(4.6)
Beer: Refillable	137	111	(19)	41	170.7
Nonrefillable	6,790	6,142	(9.5)	7,562	(18.8)
Liquor	1,378	1,179	(14.4)	1,260	(6.4)
Wine	820	691	(15.7)	686	0.7
Plastic Bottle Production* Carbonated beverages	168,320	163,129	(3.1)	205,048	(20.4)

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
Beer*	15,394,372	15,919,008	3.4	14,242,179	11.8
Whiskey	8,663,859	4,830,787	(44.1)	9,568,675	(49.5)
Brandy	638,228	491,872	(22.9)	633,657	(22.4)
Gin	494,406	355,877	(28)	356,085	(0.06)
Rum	109,882	49,695	(54.8)	103,620	(52)
Cordials & liqueurs	803,856	879,765	9.4	713,497	23.3
Others	1,027,643	578,049	(43.8)	974,742	(40.7)
Total	27,132,248	23,114,034	(14.8)	26,612,661	(13.1)
Sparkling wines	1,715,174	1,356,748	(20.9)	1,011,300	34.2
Still wines, table	10,346,685	10,605,181	2.5	11,471,264	(7.6)
Still wines, fortified	299,709	113,278	(62.2)	236,174	(52)
Vermouth	289,169	265,350	(8.2)	291,680	(9)

*Includes ale, stout, porter

Source: National Association of Beverage Importers

Closures for Beverages (thousands of gross)

	October 1983	November 1983	% Change	November 1982	Nov. '82 vs. Nov. '83 % Change
Metal (for spirits, wines)*	62,652	64,772	3.4	53,276	21.6
Plastic (for spirits, wines)*	120,161	115,546	(3.8)	120,591	(4.2)
Metal Crowns (beer & soft drinks)	13,238	12,543	(5.3)	15,077	(16.8)
Soft drink (convenience and conventional)	5,150	4,081	(20.8)	4,161	(1.9)
Beer (convenience and conventional)	8,080	8,462	4.8	10,916	(22.5)
All other metal closures other than crowns	7,921	6,356	(19.8)	5,591	13.7

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	January 1984	February 1984	% Change	February 1983	Feb. '83 vs. Feb. '84 % Change
Soft drinks	332.6	334.5	0.6	325.6	2.7
Alcoholic beverages	207.6	208.7	0.5	202.5	3.1
Beverages and beverage materials	268.4	270.0	0.6	261.6	3.2
Packaged beverage materials	335.9	339.5	1.1	325.1	4.4

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	February 1984	March 1984	% Change	March 1983	March '83 vs. March '84 % Change
55% Corn Syrup High Fructose Decatur, IL., tank cars, cwt.	14.25	14.25	0	14.25	0
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	31.45	31.45	0	32.20	(2.3)

NA: Not Available

Source: The Journal of Commerce

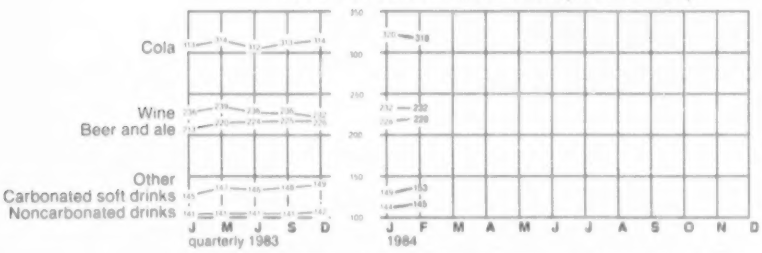
Alcoholic Beverage Removals (barrels of 31 gals)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Beer	13,303,660	12,187,270	(8.4)	12,387,711	(1.6)
Wine*	37,623,353	34,687,237	(7.8)	33,572,136	3.3
Spirits*	31,567,024	24,848,922	(21.3)	28,244,078	(12)

*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

1984 Consumer Price Index (1967 = 100)



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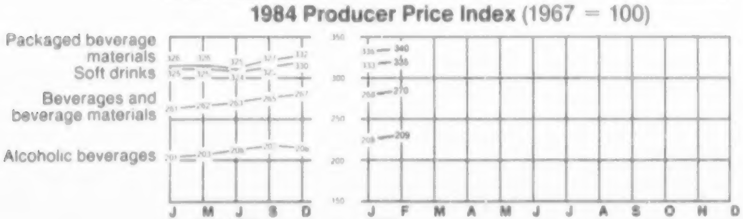
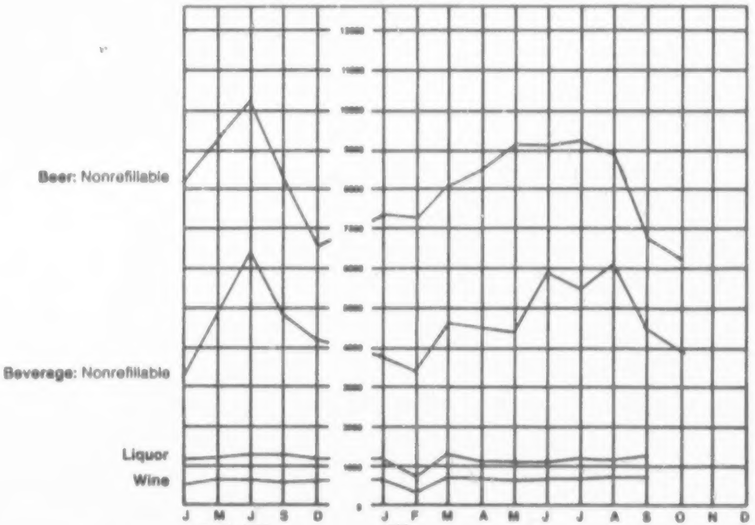


Bottle Shipments (thousands of gross)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

Cincinnati Coke is the first to utilize Mickey body on Tiltmaster chassis

CINCINNATI—The Coca-Cola bottler here may be the first to use a Tiltmaster chassis with a route truck body, but if success continues, he won't be the last.

"It's the only one that we know of in operation right now," says Dave Leasure, fleet manager for Cincinnati Coke, adding that it has passed every test since it went on the road the end of May.

The 12-bay route truck has a cab-over-engine Chevrolet chassis, the Tiltmaster model, combined with all-aluminum, uni-body construction from Mickey Truck Bodies of High Point, NC. The Tiltmaster was purchased through Equipment Maintenance Systems by Cincinnati Coke from McCloskey Chevrolet; it's a Class-6 rated power unit with 30,000 gvw, the newest offering in its class.

The 12-bay beverage body combines materials such as 6061-T6 extrusion alloy (equal to 45,000 lbs. psi yield) and 5052-H32 sheet alloy (equal to 40,000 lbs. psi yield), secure and weathertight locking systems, the heaviest extruded door track in the industry, and other "20/20" features of Mickey Truck Bodies.

Cincinnati Coke operates within a 90-mile radius of the city. Cincinnati Coke's Tiltmaster beverage delivery system joins the fleet which includes 207 route trucks, 18 route delivery tractor/trailer units, 11 over-the-road rigs, 84 special event (concessions) trailers, 62 vans, 53 pickups, and 100 cars in the transportation system serving many of the Queen City soft drink customers.

Both Leasure and Don Breen, executive vice president and manager, along with Dennis Vickery of Equipment Maintenance Systems, placed the Tiltmaster on the roughest, longest route in the system. The route takes this new equipment and its contents into the southeast portion of Indiana and back to its Cincinnati base of daily operation.

"We worked with Dennis Vickery. He was the one who got us interested in bringing the Tiltmaster design into the beverage field," Leasure says. "Dennis had experience with the chassis in a St. Louis operation that had two Tiltmasters with 18-foot van bodies carrying coolers and vending machines."

Putting the prototype together required the chassis to be driven to the Mickey headquarters in North Carolina. A beverage delivery system was attached, and the Equipment Maintenance System people drove the unit back to Cincinnati, serviced it and handed it over to Cincinnati Coke.

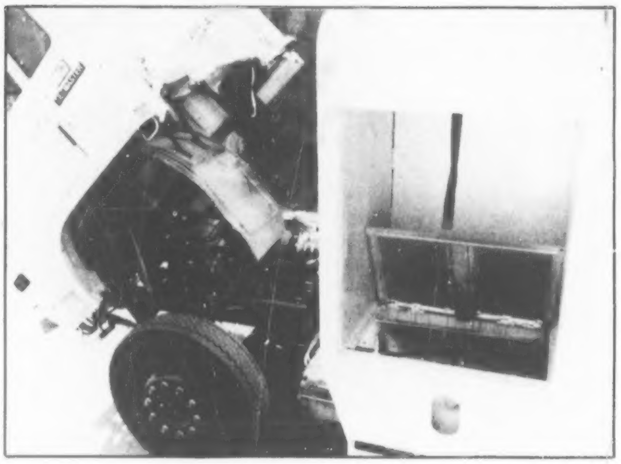
"We felt all along this would work in the beverage field," Vickery says. "We had these two St. Louis units operating above and beyond expectations for two solid months and with over 7,000 miles each under their belts.

"We were quite sure that a Cincinnati area end-user such as Cincinnati Coke could do well with this type of equipment because St. Louis and Cincinnati have the same type of terrain, weather, and beverage delivery patterns," he adds. "And we at Equipment Maintenance Systems have considerable experience in the field with over 1,200 units for customers in service. Cincinnati Coke is our largest customer with 595 pieces of equipment that we service and maintain for them, and Don Breen was very receptive to our proposal using a Tiltmaster chassis with beverage body."

Dave Leasure explains further, "...the Tiltmaster was priced right from McCloskey here in Cincinnati, it has the latest body design and technology from Mickey, and on the road it shows better maneuverability than the other route trucks. Its fuel mileage is good...our best so far has been nine miles to the gallon, and it operates well over the terrain in this area where it's hilly in places.

"We had Jerry Sloan of Coca-Cola USA out of Atlanta up to see this unit and he had a number of favorable remarks to make about it," Leasure adds.

• For more information on **Mickey Trucks,** circle no. 288 on reader service card; on **Chevrolet's Tiltmaster chassis,** no. 289. ☐



The raised cab-over-engine Tiltmaster provides mechanics with clear access to the engine for service and any needed repairs. Cincinnati Coke is the first bottler to use the unit.

The retail shift

Bottlers diversify SD sales

(Continued from page 1)

more kinds of outlets. While food markets are still responsible for the majority of soft drink sales, it's not surprising that they have lost share and this trend is expected to continue as soft drinks are distributed in an increasingly more diversified number of retail outlets.

"Industry growth has slowed and it's beginning to segment sales into very specific retail outlets," says Janet Fanshawe, vp-marketing, Beverage Marketing Corp. "Stores that never sold soft drinks before are becoming important factors in the market. Everyone has to fight to increase sales and the only way to do it is to get the product out there," she adds.

One industry analyst contends lifestyle factors have played an increasing role in where people purchase their soft drinks. "Both convenience stores and vending are on the rise. Families with two wage earners don't shop as frequently at food stores as they once did. They make more frequent trips to pick-up a couple of items, including soft drinks, at convenience stores," he says.

And he expects that trend to continue. "The only thing that might stop it is if people think about what they're paying for product at these outlets."

Certainly, discounting, which occurs mostly in food stores, has prevented further erosion of food store sales.

"Food stores will continue to do well with the large sizes—64 ozs.—because of the price benefit for families when they are discounted," he says.

Shelf space problems have been another factor in retail trends. "The only place that shelf space is really a factor is the food store where the little guy is getting squeezed out. It's not as much of a factor in a convenience store where most of the sales are in single service."

But problems finding enough shelf space in a food store has forced bottlers to scramble to look in other directions to market their product.

Adds Fanshawe: "Supermarkets are a very competitive arena for your product because there are so many new products. Franchise companies have made a fundamental decision to make their product available to more outlets. So they've created this shift to other outlets."

Regional differences definitely play a role in where products are purchased, a survey of bottlers indicates.

For instance, Inland Coca-Cola Bottling Co., Boise, ID, bucks the tide. "Food store sales are growing at the fastest rate," says Dan Thomas, Inland spokesman. "Convenience stores are second and vending is the slowest," he adds.

"I don't think we have a typical environment, though. Food store sales had been weak here and now they're coming on strong."

Thomas says discounting, like in other markets, has had a tremendous influence in Boise, and are about 30% of the reason sales have been up for Inland.

A bottler in southern West Virginia says the cold bottle market is the biggest portion of his sales, and, thus, distribution is heaviest in small mom and pop stores.

"Unemployment is still high here. We haven't rebounded like the rest of the country has, and so the single-service, cold bottle market makes up a big portion of our sales," he said.

Scanning has enabled better tracking of retail sales, bringing to light some interesting facts.

A study of 2-L cola done in four phases showed the soft drink sold best with a merchandising display and a reduced price.

With no merchandising display and regular price, 185 cases were sold over a two-week period. With a merchandising display and regular price, 275 cases were sold. With reduced prices and no display, 321 cases were sold. But in the fourth test when the combination of reduced prices and a merchandising display were utilized, 542 cases of the 2-L cola were sold.

Another food store chain studied reductions in prices of orange juice and found that a comparatively small price reduction can be more profitable than a sizeable one.

Yet another study by a food mart concluded that promotions or displays will continue to sharply increase sales even after two months. ☐

> ***"Food stores will continue to do well with the large sizes—64 ozs.—because of the price benefit for families when they are discounted."***

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Where do you rank?

Survey reveals top executive salary levels

by Paul E. Mullins

SPECIAL REPORT—Want to make a higher salary in the beverage business?

- Start your own business or marry the owner's daughter. Owners and presidents make the highest salaries.
- Join a larger firm. Those with more than 500 employees pay more than the smaller firms.
- Continue your education. Ph. D.'s are higher paid than Master or Bachelor educations.
- Be patient. Those with 30 or more years experience are higher paid than those with less seniority.

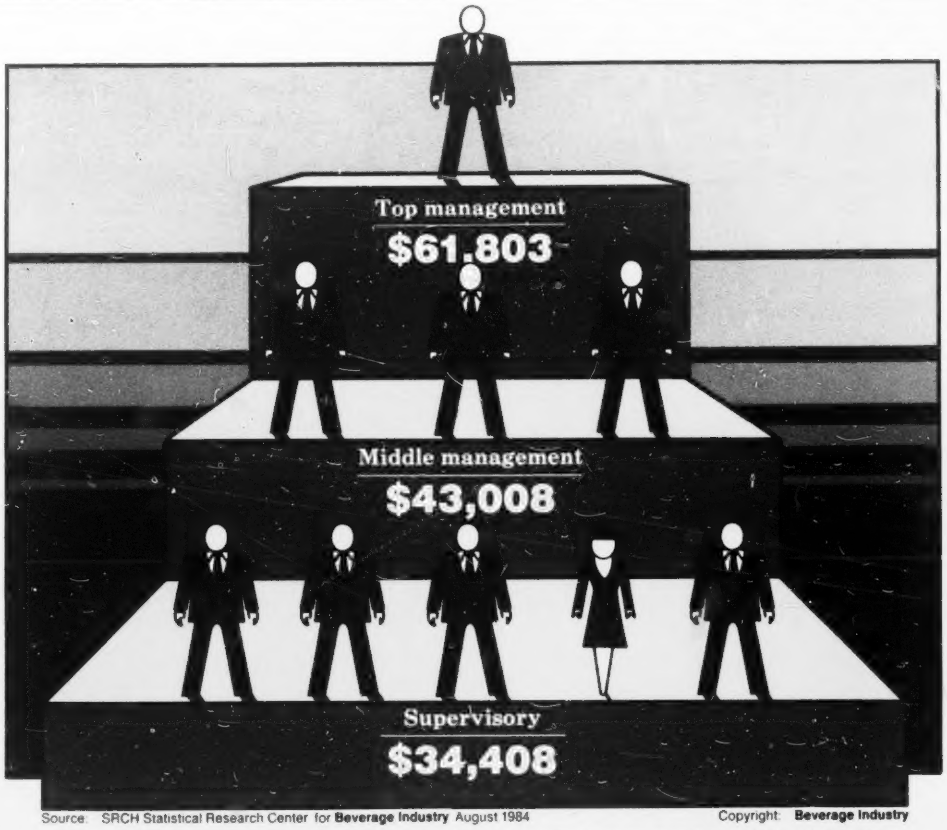
Those are the four primary conclusions for this year's **BI** salary survey of the beverage industry. A total of 5,976 survey forms were mailed to executives in the soft drink, brewery and beer wholesaling industries. Proving that everyone likes to find out how he or she rates, salarywise, returns were highest in **BI's** history, 1,167, almost 20%.

Approximately 54% of the respondents worked in soft drink plants; 32% were in beer distributorships; 15% in breweries.

The survey also shows that breweries pay more than soft drink plants and that beer distributor personnel are the lowest paid.

The survey did not reveal who the highest paid person in

(Continued on page 30)



Source: SRCH Statistical Research Center for **Beverage Industry** August 1984 Copyright: **Beverage Industry**

Average salaries of executives of breweries, beer distributors and soft drink bottling plants.

RC restaffing, relocation seen from acquisition

By Paul E. Mullins

COMMENTARY—As a result of the culmination of the Posner acquisition of Royal Crown Cola and the subsequent resignation of Fred Adamany as company president, a number of changes are being speculated in the industry.

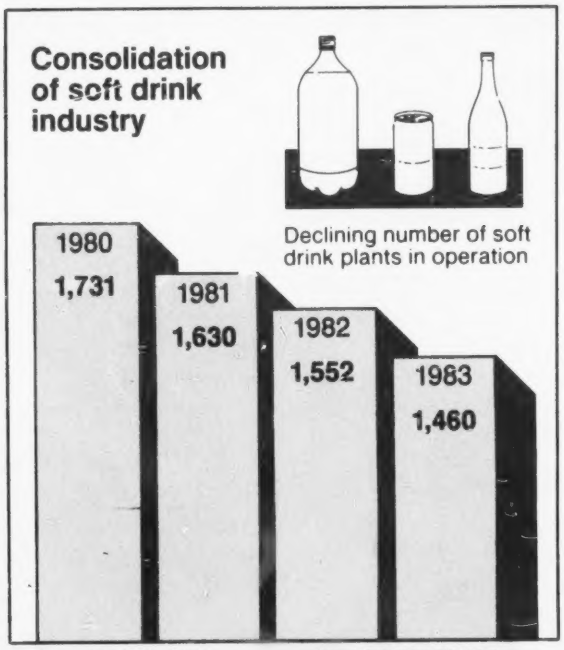
- RC headquarters could be moved back to Atlanta.
- New, probably non-soft drink, personnel will be brought to the company to run the soft drink and beverge sides.
- Promotional dollars and support funds will be curtailed.
- The sell-off of Royal Crown Cola and the other RC holdings is not necessarily imminent nor preordained.

Once the deal was announced, the departure of Adamany was expected by RC bottlers, as well as franchise company officials. He had been opposed to the Posner deal and reportedly was not included in any discussions leading up to the deal.

An informed source told **BI**

(Continued on page 32)

Consolidation of industry reflected in fewer, but larger beverage firms



Source: Beverage Marketing Corporation

Copyright: **Beverage Industry** August 1984

SPECIAL REPORT—Maturation of the beverage industry has brought about many trends, including increased segmentation and modest growth. But the most significant of these trends is the dramatic move toward consolidation, according to studies by the Beverage Marketing Corp. (BMC).

Soft drink bottlers, brewers and beer wholesalers have all experienced this trend, which has generally made the small smaller and the large larger.

BMC President Michael Bellas is quick to point out, however, that reasons for consolidation in the soft drink and beer industries are different. "The economies of scale in soft drink production facilities has brought about consolidation for bottlers," says Bellas. Faster canning lines and better packaging

(Continued on page 10)

BI Report

■ NEW PET CONTAINER FIRM, Petainer Development Corp., Atlanta, GA, expects to be in production next year. A joint venture of Metal Box, PLM, and Dorsey's Sewell Plastics, the new firm will utilize the technology of Petainer SA, in Neuchatel, Switzerland, and will concentrate initially on production of PET cans. Earlier this year, Coca-Cola USA signed an exclusive agreement with Petainer SA for a period of five years.

(Continued on page 68)

BI Now Package

Kirin Beer introduces 'mini-keg'

NEW YORK—Kirin USA has introduced a draft beer to the U.S., packaged in a reusable, plastic 2-L mini-keg.

The mini-keg is a double-lined, lightweight, shatterproof plastic and retails for $5. It's made of polyethylene terephthalate and the crown has a lining made of ethylene

(Continued on page 68)

Beverage Industry

AN HBJ PUBLICATION

Japanese milk-based soft drink tried here

JAPAN'S
SKAL
LEMON LIME
12 F
JAPAN'S
SKAL
GRAPE SODA
12 FL

Skal, imported from Japan, contains 15% powdered milk. Its processing mixes pasteurization with carbonation.

Minneapolis—Like a child with his hand in grandma's cookie jar, 25-year-old Howard Lapides is a young man who is doing a lot of smiling nowadays.

The reason is obvious: The young entrepreneur is building a name for himself in the beverage industry thanks to "Skal," a Japanese beverage, and good ole' chutzpah.

Skal (pronounced *Skall*) is unique to consumers in that the beverage contains 15% powdered milk. The process by which the Japanese blend carbonated citrus juices and flavorings with milk has been a closely-guarded secret since the beverage's infancy.

Lapides, meanwhile, recently acquired the North American rights to Skal's "secret recipe." Working closely with Minnesota Governor Rudy Perpich in persuading the Japanese to relinquish the processing procedures for the beverage, Lapides says: "Skal is the third largest selling drink in Japan." The young entrepreneur reports that the beverage has 15% powdered milk "with added culture."

The most interesting aspect about Skal, says Lapides, "is that it is pasteurized and carbonated. Now, we're hoping to get the "Real Seal" imprinted on it."

(Continued on page 38)

Tropicana squeezing rivals

Tropicana
Tropicana
Tropicana
100 PURE
ORANGE JUICE

New Tropicana 30-second TV spots symbolize its "fresh-squeezed taste." Benton and Bowles, New York, is the agency.

Bradenton, FL—Tropicana Products, Inc., has launched an aggressive advertising campaign aimed at strengthening its position as the No. 1 seller in the $1.2 billion ready-to-serve orange juice market, increasing its ad budget by 35%.

The fresh-squeezed taste of Tropicana's *Pure Premium* and *Gold 'n Pure* orange juices will be highlighted in the new $15 million campaign using the slogan "Squeeze me a glass of Tropicana." Thirty-second television spots depict consumers squeezing the Tropicana Pure Premium and Gold 'n Pure cartons. Tropicana Pure Premium is the only major ready-to-serve orange juice that is not reconstituted with water from concentrate.

The campaign will be reinforced with aggressive retail dealer support including summer and back-to-school promotions and trade advertising allowances. The campaign will include TV, print and radio and POP materials.

• For more information on **Tropicana,** circle no. 317 on the reader service card. ☐

NutraSweet called factor in 14% sales jump in '83

Special Report—The retail powdered drink industry experienced a 14% increase in 1983 over 1982 figures, reflecting $800 million in total sales, according to John Maxwell, **Beverage Industry's** director of research and statistics.

The increase, according to Maxwell, may be attributed primarily to NutraSweet. "This low-calorie sugar substitute has significantly aided and should continue to aid the growth of the powdered beverage market, particularly the presweetened, low-calorie sector," says Maxwell.

Such a belief may be illustrated by the substantial gains of last year for General Foods' presweetened Kool-Aid and Borden's Wyler brand. Dollar sales were up about 25%, says Maxwell, mainly because aspartame-based drinks generate higher retail dollars than unsweetened and sugar-sweetened products. "This increase came despite some discounting during the year for certain products at the retail level," Maxwell says.

There are 11 powdered drink mixes on the market, according to Maxwell's report. Of those 11 drinks, only three recorded increases in sales and percentages: unsweetened Kool-Aid; aspartame-sweetened Kool-Aid; and aspartame-sweetened Wyler's.

According to the figures, aspartame-sweetened Kool-Aid recorded a big 37.8% increase last year over 1982's marks with $197 million in sales volume. Another big winner was aspartame-sweetened Wyler's with a 24.7% increase over '82's sales figures.

Poor sales

Three well-known powdered drinks did poorly in sales last year. The biggest loser was Lipton's Lemon Tree, which saw its sales volume drop from $4 million in 1982 to only $1 million last year, representing a big 75% loss.

Two other losers last year in the powdered drink market were ReaLemon Crystals and unsweetened Hawaiian Punch. The two drinks

(Continued on page 33)

34

New York Pepsi sells franchise

Purchase, NY—Pepsi-Cola Bottling Group agreed to sell its NY bottling operation to New York Beverage Acquisitions Corp.

New York Beverage will assume all manufacturing, sales and marketing responsibilities for Pepsi-Cola products in New York City and Westchester County. Pepsi-Cola Bottling will continue producing and marketing Pepsi products in parts of New Jersey and other locations.

The Pepsi-Cola bottling plant on the East River in Long Island City will not be sold as part of the agreement, but will be used temporarily by Harold Honickman, principal stockholder in New York Beverage.

The new owner plans to build a 350,000-sq.-ft. bottling facility in New York City. ☐

Foresees 31.5 billion package capacity

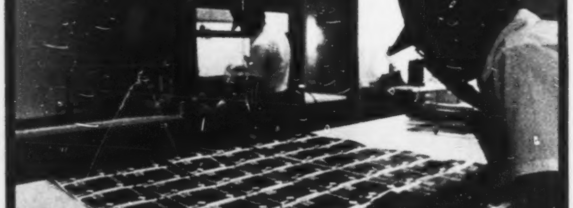
Brik Pak launches U.S. production

Denton, TX—Over 500 local dignitaries and invited U.S. and international guests and customers were on hand here recently when Brik Pak, Inc., dedicated its first U.S. production center.

The 210,000-sq.-ft., $40 million plant will eventually have the capacity to produce 360,000 packages per hour. By 1984, the firm expects to be running three shifts and will employ 120 people. The first line is in position and the company has plans to add four more as soon as equipment is available.

Indicating a strong position on the future of aseptic packaging in the U.S. Helmut Kirchdorfer, president, Brik Pak, Inc., told **Beverage**

(Continued on page 40)



An employee examines aseptic packaging material in Brik Pak's just-opened production facility.

Features

12 **Fastest in the West?**
Adolph Coors Company recent startup of its new high-speed canning line means that the Colorado firm owns one of the fastest lines of its kind in the world. The line's capacity is 1,800 12-oz. cans-per-minute.

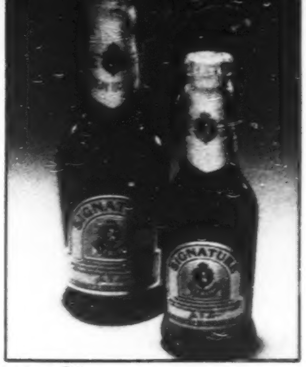
18 **Deposit tide turning?**
In this exclusive series, **BI's** Marty Westerman notes that within the last year 25 forced deposit proposals have been defeated in state legislatures and in Congress. There are key reasons why the tide is beginning to turn.

24 **Making a name for itself**
Stroh Brewery, America's No. 3 brewer, is moving in fast company nowadays. And with the addition of a Jagenberg labeler, the firm is moving even faster.

28 **Saving Premium money**
With a Standard Register automatic register, Premium Distributing Co. is saving money and time by using an imprinting system for its aluminum recycling program.

42 **Winery test markets 4-L PET**
California Growers Winery is having great success with the first 4-L PET wine jugs. The packages are 2.5 lbs. lighter than glass and are molded from PET resin supplied by Eastman Chemical.

44 **No bad news here**
The aseptics market is ready to make further inroads in the beverage industry, according to suppliers surveyed in this exclusive **BI** focus report.



page 24

page 42

Departments

Reader Service 7
Trucks 14
NOW Package 29
Focus Report 44
Security 48
New Products 51
New Literature 56
Newsmakers 57
Beverage Indicators ..58
Supply House 59
Classified 62
Ad Index 64
Editorial 70

Soundoff

Know your company and your bottlers

"I know my company. I know what we have to do and I know what the bottlers should do.

"...You're naive if you expect your competition to stay out of it. Now if we fell flat on our face, I can guarantee that they would have stayed out of it. But somebody had to do it and we did it. But it was a success and we welcome them.

"Now its segmented again. If it grows the same way the diet segment grew we'll be all right. Maybe we'll bring some new drinkers to the industry."

—Fred M. Adamany
former president
Royal Crown Cola Co.
speaking in an interview in
Beverage Industry
after being named
"Man of the Year" in 1982.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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Circle No. 129 →

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HERCULES

Take the Pepsi Challenge!
PEPSI-COLA
2
LITERS

Sparkling new Opaque White film. From Hercules, of course.

FF63-2

Microbrewery production expected to make gains

Mountain View, CA—The status and trends of micro/pub brewers in North America is discussed in a new report published by Malt Beverage Research International. Entitled *Brewing for Profit on a Small Scale; An Overview of the North American Microbrewery and Brewpub Trend*, the report examines the movement's origins, current status and future as forecast by MBR International.

U.S. microbrewery and brewpub annual sales volume (U.S. bbls.)

	1977	1978	1979	1980	1981	1982	1983	1984 Proj.
# w/Sales	1	1	2	4	10	9	13	17
Total Sales	50	300	250	500	3,300	6,300	11,800	20,500
Avg. Sales	50	300	125	125	330	700	908	1,206

Annual Growth Rates: 1981-82 — 90%
1982-83 — 87%
1983-84 — 73% (projected)
Compound annual growth rate 1981-84 — 84%

Sources: MBR International 1984 Microbrewery and Brewpub Survey; California State Board of Equalization; Modern Brewery Age.

Copyright: Beverage Industry August 1984

Sales during 1983 from micro/pub breweries in North America are relatively insignificant now, totaling about 11,800 barrels in the United States and less than 2,000 barrels in Canada, according to the report. Despite the relatively insignificant numbers, states the study, the figures are up "from almost nothing" just five years ago; 1984 sales from these tiny commercial operations will total almost twice the 1983 volume, estimated by MBR to be 20,500 barrels by American producers and less than 5,000 barrels by Canadian producers.

A "microbrewery" is defined in the study as any commercial brewery within North America with annual production capacity up to 10,000 U.S. barrels of beer. Output from a microbrewery, states the report, is sold at wholesale to distributors or directly to retail accounts.

The report defines a "brewpub" as not being too distinctive from a microbrewery. A brewpub has a retail on-premise account integrated with or integrated to the brewing facilities to distribute some or all of the beer produced. Brewpubs will possess smaller brewing capacities than microbreweries, particularly if the intent is to brew only enough beer for the retail outlet.

The background provided in the report will give a reader a basic understanding of "where micro/pub brewers are coming from" as well as provide a foundation from which one can make his own analyses, says Tom Soder, MBR's research director and project coordinator. Because of the broad interest base within the report, it is written to be understood by those with little or no commercial brewing industry experience, says Soder.

The price of the report is $40 per copy in the U.S. and Canada, $45 elsewhere.

For further information, write or call: MBR International, 1940 Mount Vernon Court, No. 15, Mountain View, CA 94040; (415) 964-1462. ☐

Adapt Vending intros versatile vender in U.S.

New York—Adapt Vending Services of London, England, has begun marketing its versatile vending machine, called the "Adapt 747 Beverage Dispenser," in the United States. The unit can give up to 60 selections.

Adapt 747 Beverage Dispenser stands on a tabletop or desk, occupies 2½-sq.-ft. of space and costs from $25 a week to rent. State-of-the-art microprocessor control and pre-packed ingredients makes this machine easy to operate, according to a company spokesman.

The system, although easy to operate, can give a wider choice of hot and chilled drinks than many large and expensive automatics.

- For further information on **Adapt Vending Services, Inc.**, circle no. 331 on the reader service card. ☐

Dr Pepper
SUGAR FREE
CAFFEINE FREE
LOW SALT
Pepper Free
NutraSweet
Dr Pepper
99.9% CAFFEINE FREE
LOW SALT
Pepper Free
SUGAR FREE
Dr Pepper
Dr Pepper
NutraSweet
Dr Pepper
Dr Pepper

Hoist up your sales.

Dr Pepper's rigged up a whole new look that's already making consumers go overboard.

But our look isn't all that's new. Our whole crew's charting aggressive, innovative new courses. Our new advertising and promotions are as out of the ordinary as our soft drink. And that signals plenty of smooth selling for you.

So feature the new Dr Pepper. With the great new look outside, and that same great taste inside, consumers are sure to get the message.

Hold out for the out of the ordinary.

← Circle No. 124
on Reader Service Card

Consolidation trend reflects fewer, but larger firms

(Continued from page 1)

equipment have improved the efficiency of the industry, but has also made small-scale plants difficult to operate profitably.

In the beer industry, the story is somewhat different. Consolidation of the distributors is a direct reflection of the consolidation of the breweries. "Today, to be an efficient beer distributor you need the high volume brand of a large national brewer. Regional and local brands often can not give a distributor enough volume to be profitable," says Bellas.

Soft drinks

Slightly less than 3,000 soft drink facilities service the whole country now, including 1,500 production facilities and about 1,500 distribution points. Bellas estimates this could drop to as few as 500 production facilities by the end of the century, but the distribution points will remain.

"We're dealing with some very big soft drink entities," he says. "The emphasis is on volume. The bottlers are more into promotions and price-offs than ever because of this. You just need more money today to do it all. The whole industry is becoming much more professionalized."

In 1983, 78 plants achieved the $50 million or more sales bracket, an increase from 67 in 1982, according to The Beverage Marketing Corp. report *The U.S. Soft Drink Sales Survey.* In 1982, there were 1,552 soft drink plants; in '83, there were only 1,460. Plants either went out of business or were acquired, Bellas says.

In general, soft drink plants must reach $10 million or more in sales to be successful, the study reveals; these plants are increasing in numbers while plants with sales under that figure are decreasing. Only

U. S. beer wholesaler sales volume rankings and barrelage size

	1982		1983		1982		1983	
Sales Range	Cumulative Number of Wholesalers	Cumulative Percent of Total	Cumulative Number of Wholesalers	Cumulative Percent of Total	Estimated Cumulative Barrelage Volume (000)	Cumulative Percent of Total	Estimated Cumulative Barrelage Volume (000)	Cumulative Percent of Total
	19	.42	26	.59	9,975	5.47	13,780	7.49
$50 million or more	60	1.32	75	1.70	24,735	13.56	30,685	16.69
$25 to $50 million	353	7.78	373	8.44	73,959	40.53	78,365	42.62
$10 to $25 million	839	18.49	937	21.21	108,951	59.71	117,845	64.09
$5 to $10 million	1,586	34.95	1,691	38.28	137,710	75.47	145,366	79.06
$3 to $5 million	2,606	57.43	2,573	58.25	162,190	88.88	165,652	90.09
$2 to $3 million	3,650	80.43	3,539	80.12	177,328	97.18	179,176	97.45
$1 to $2 million	4,278	94.27	4,108	93.00	181,849	99.66	183,159	99.61
$500,000 to $1 million	4,537	99.98	4,410	99.84	182,470	100.00	183,853	99.99
Less than $500,000	4,538	100.00	4,417	100.00	182,472	100.00	183,869	100.00
Unclassified								

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Beverage Marketing Corp.
August 1984

The top domestic brewers 1971 - 1983 (E)

(Millions of Barrels)

	1971	1977	1978	1979	1980	1981	1982	1983(E)
Anheuser-Busch	24.3	36.5	41.6	50.2	54.5	54.5	59.1	60.5
Miller	5.1	24.2	31.3	35.8	37.3	40.3	39.3	37.5
Stroh*	9.3	10.8	10.2	9.6	9.8	9.1	22.9	24.3
Schlitz	16.7	22.1	19.6	16.8	15.0	14.3	(a)	(a)
Heileman	9.4	10.6	10.5	11.2	13.3	14.0	14.5	17.5
Coors	8.5	12.8	12.6	12.9	13.8	13.3	11.9	13.7
Pabst	11.8	16.0	15.4	15.1	15.1	13.5	12.3	13.0
Olympia	4.2	6.8	6.7	6.0	6.1	5.7	5.2	(b)
Genesee	1.6	2.8	3.0	3.4	3.6	3.6	3.4	3.2
Schmidt	3.2	3.5	3.8	3.8	3.6	3.2	3.1	3.0
General/Falstaff	5.1	4.2	3.5	3.0	2.6	2.1	2.0	1.7
Pittsburgh	1.2	0.7	0.6	0.7	1.0	0.9	1.0	1.0
Subtotal	100.4	151.0	158.8	164.5	171.4	174.5	174.7	175.4
All Others	26.0	8.4	6.9	8.0	6.5	7.8	7.7	9.1
TOTAL	126.4	159.4	165.7	172.5	177.9	182.3	182.4	184.5

* Includes Schaefer
(a) Schlitz acquired by the Stroh Brewery
(b) Olympia acquired by the Pabst Brewing Co.

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Beverage Marketing Corp.
August 1984

Soft drink bottler sales size and concentration

	1982		1983		1982		1983	
Sales range	Estimated Cumulative Wholesale Sales Volume (000)	Cumulative Percent of Total	Estimated Cumulative Wholesale Sales Volume (000)	Cumulative Percent of Total	Estimated Cumulative Gallonage Volume (000)	Cumulative Percent of Total	Estimated Cumulative Gallonage Volume (000)	Cumulative Percent of Total
$50 million or more	$6,365,000	31.92	$7,683,000	36.50	2,345,000	30.26	3,003,000	36.66
$25 to $50 million	$10,827,500	54.30	$12,258,000	58.23	4,130,000	53.29	4,772,000	58.26
$10 to $25 million	$15,937,500	79.93	$17,385,500	82.59	6,174,000	79.67	6,749,750	82.40
$5 to $10 million	$17,932,500	89.93	$19,275,500	91.57	6,972,000	89.96	7,505,750	91.63
$3 to $5 million	$19,000,500	95.29	$20,223,500	96.08	7,372,500	95.13	7,861,250	95.97
$2 to $3 million	$19,625,500	98.42	$20,743,500	98.55	7,622,500	98.36	8,069,250	98.51
$1 TO $2 million	$19,889,500	99.75	$20,982,000	99.68	7,728,100	99.72	8,164,650	99.68
$500,000 to $1 million	$19,922,500	99.91	$21,012,750	99.83	7,741,300	99.89	8,176,950	99.83
Less than $500,000	$19,939,[illegible]	100.00	$21,029,750	99.91	7,748,200	99.98	8,183,750	99.91
Unclassified	$19,940,150	100.00	$21,049,250	100.00	7,749,700	100.00	8,191,250	100.00

(a) Soft drink bottler and canner package and bulk sales only. Does not include bulk sales through other distribution

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Beverage Marketing Corp.
August 1984

about a third of the soft drink plants have annual sales at $10 million or more; two-thirds of them fall below that level.

In terms of sales volume, however, bottlers over $10 million in sales accounted for 82.6% of the total wholesale volume in '83. That's up from 79.9% in 1982.

These same bottlers accounted for 82.4% of the total estimated gallonage in '83, up from 79.7% in '82.

In the beer industry, the numbers are even more striking.

Beer industry

To understand what is occurring on the wholesale level, it is easiest to first examine the brewers.

The top 10 brewers controlled 79.2% of the U.S. beer market in 1971, but 12 years later the top 10 was responsible for roughly 95% of beer sales, according to the recently released BMC study *The U.S. Beer Market and Packaging Report.*

To further illustrate the point, the top six brewers accounted for 63.2% of industry barrelage in 1971, yet last year the top six accounted for more than 90% and the top two, Anheuser-Busch and Miller, neared 55% of the market.

Overall, industry growth continues, but it is slow, approximately 1% in '83, according to the report. While there have been some dramatic success stories, cannibalization has been the rule. Pittsburgh Brewing is a good example; its Iron City Light has dominated national brands in a targeted local market, but, in the meantime, sales of its regular Iron City have been falling.

Inevitably, despite new product introductions and aggressive marketing, the flat barrelage base will cause further cannibalization of brands. The regionals and locals will be on the defensive, the report says, in an effort to battle the large marketing budgets of the national brands.

Overall, 1983 was a tough year for small regional and local brands. "The best results in the local tier went to the 'niche' brewers that could hold their barrelage in the face of a fiercely competitive marketplace," the study reports.

Beer wholesalers

Seven new distributors joined the ranks of those that cleared $50 million, bringing the total to 26. Eighteen are A-B distributors; five Miller; one Stroh/Coors; one Heileman and one Coors.

Generally, the number of wholesalers that have achieved more than $5 million in sales are growing; the number in the $3-$5 million sales range have been flat; and, those under $3 million in sales have been decreasing, according to the *1983 U.S. Beer Wholesaler Sales Survey*, also published by the Beverage Marketing Corp.

Bellas adds, though, there are some increases in the number of distributors below $500,000 in sales. "These are essentially import brands that are attached to wine and spirits companies," he says.

For more information on these just-released BMC studies, *The U.S. Beer Market and Packaging Report, 1983 The U.S. Beer Wholesalers Sales Survey* and *1983 U.S. Soft Drink Market Sales Survey*, write the Beverage Marketing Corp., 866 Second Ave., New York, NY 10017; or phone them at (212) 688-7640. ☐

Soft drink bottler sales volume rankings

Sales Range	1982 Number of Plants	1982 Percent of Total	1982 Cumulative Percent of Total	1983 Number of Plants	1983 Percent of Total	1983 Cumulative Percent of Total
$50 Million or more	67	4.32	4.32	78	5.34	5.34
$25 to $50 Million	119	7.67	11.98	122	8.36	13.70
$10 to $25 Million	292	18.81	30.80	293	20.07	33.77
$5 to $10 Million	266	17.14	47.94	252	17.26	51.03
$3 to $5 Million	267	17.20	65.14	237	16.23	67.26
$2 to $3 Million	250	16.11	81.25	208	14.25	81.51
$1 to $2 Million	176	11.34	92.59	159	10.89	92.40
$500,000 to $1 Million	44	2.84	95.43	41	2.81	95.21
Less than $500,000	69	4.45	99.87	68	4.66	99.86
Unclassified	2	.13	100.00	2	.14	100.00
Total	1,552			1,460		

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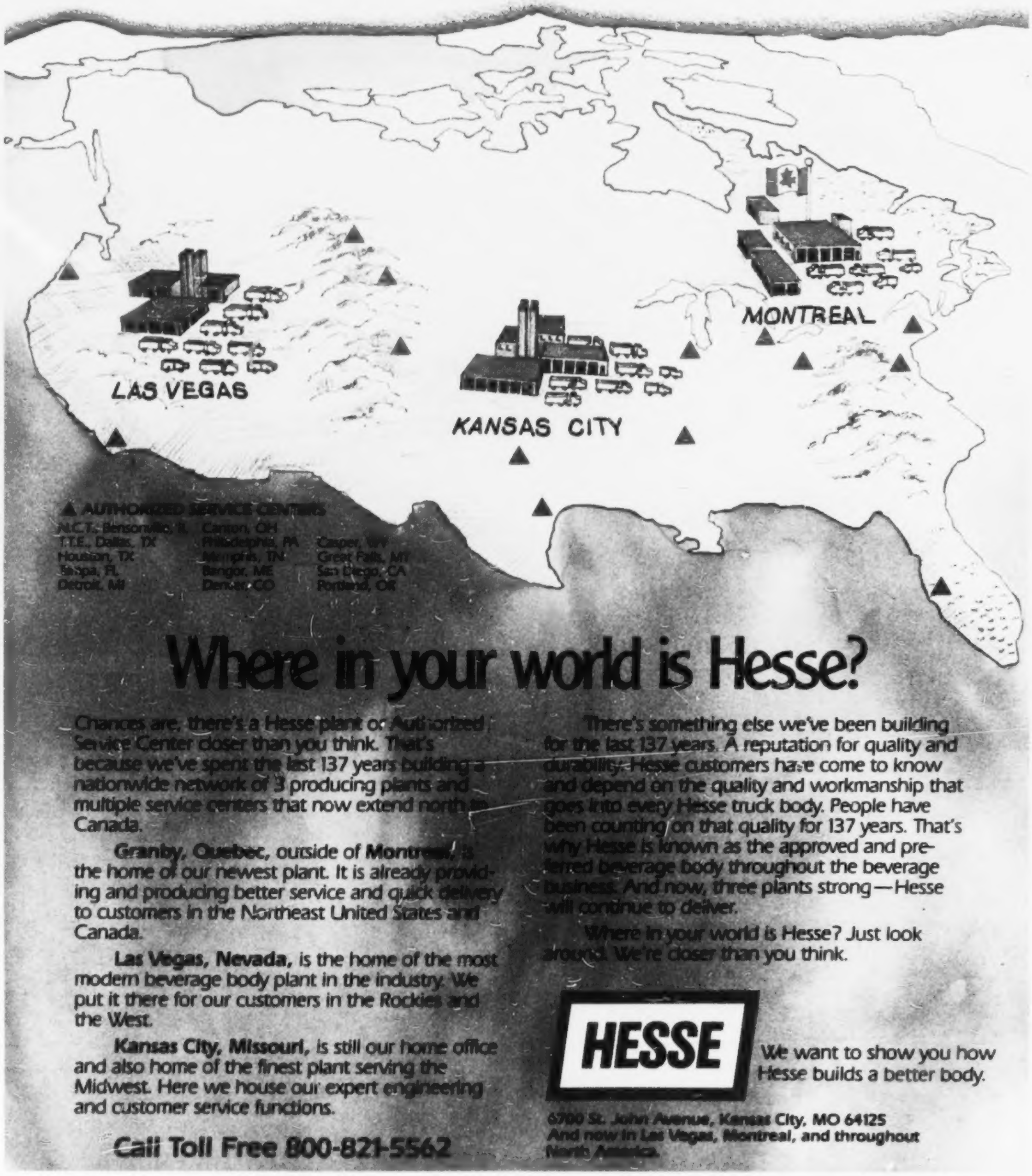
WHERE'S HESSE?



Where in your world is Hesse?

Chances are, there's a Hesse plant or Authorized Service Center closer than you think. That's because we've spent the last 137 years building a nationwide network of 3 producing plants and multiple service centers that now extend north to Canada.

Granby, Quebec, outside of **Montreal,** is the home of our newest plant. It is already providing and producing better service and quick delivery to customers in the Northeast United States and Canada.

Las Vegas, Nevada, is the home of the most modern beverage body plant in the industry. We put it there for our customers in the Rockies and the West.

Kansas City, Missouri, is still our home office and also home of the finest plant serving the Midwest. Here we house our expert engineering and customer service functions.

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There's something else we've been building for the last 137 years. A reputation for quality and durability. Hesse customers have come to know and depend on the quality and workmanship that goes into every Hesse truck body. People have been counting on that quality for 137 years. That's why Hesse is known as the approved and preferred beverage body throughout the beverage business. And now, three plants strong—Hesse will continue to deliver.

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We want to show you how Hesse builds a better body.

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And now in Las Vegas, Montreal, and throughout North America.

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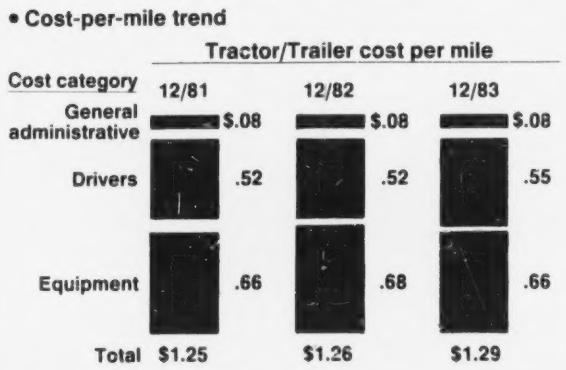
1983 Survey highlights



* Numbers may not add; they represent average c[illegible] for those companies that provided information for the cat[illegible] shown.

Source: Kearney Management Consultants

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Cost of fleet operation rises 2% to $1.29/mile

WASHINGTON D.C.—The cost of operating a private tractor-trailer fleet in North America inched upward 2% to $1.29 per mile in 1983, according to the results of the latest national survey of private truck fleets.

Improvements in the economy, productivity gains and new regulatory freedoms were cited as primary reasons for the relatively small increase in the cost index. The survey was the fourth Private Fleet Cost Index survey sponsored by the Private Truck Council of America, Inc. (PTCA) and A.T. Kearney, Inc., management consultants.

"Productivity improvements in the areas of driver and equipment utilization helped offset per-mile increases in driver labor and equipment costs," comments Michael Lipman, principal of A.T. Kearney.

Participation in the survey increased 46% over last year to a record 443 private fleets, Richard Henderson, executive vice president of the PTCA reports. "The fleets are finding the cost and operating data extremely useful as indicated by the large number of inquiries we have received," Henderson notes.

Several fleet operating areas experienced improvement, such as the miles-per-tractor average during the year rose to 97,000 in 1983, a 6% gain from 1982. Average miles-driven-per-driver increased to 76,400 in '83 compared with 75,000 the previous year. A key statistic, the percentage of empty miles, declined 21% of total miles, with average miles per gallon increasing to 5.4 overall.

Private fleets from over 25 industries participated in the cost survey. Tractor-trailer fleets made up more than 80% in the respondents' survey. Two other categories, straight truck-van fleets and mixed fleets, participated in fewer numbers and as a result, in Kearney's interpretation, provides less meaningful data in these categories.

Labor costs

Labor costs accounted for the largest increase in cost in 1983. Although wage rates increased overall, the differences between non-union and union company drivers began to narrow, reflecting some of the union wage concessions. Fleets with leased, non-union drivers had the lowest per-hour rates.

Smaller fleets (under 30 tractors) continued to operate less expensively at $1.25 per mile compared with $1.37 for larger operations. The survey found the equipment cost advantages of larger fleets were offset by higher driver and general and administrative expenses.

Smaller fleets were also more productive in 1983 as tractors averaged 99,300 miles per year compared with 91,400 miles for larger fleets, a significant reversal of performance in 1982.

Companies operating leased equipment experienced lower operating cost-per-mile due to what Kearney analysts interpreted as better utilization of equipment and drivers than company-owned fleets. Further analysis of leased fleets indicated that the majority were small fleets, less than 30 units. Costs for leased fleets averaged $1.26 per mile during 1983, nearly level with the previous year. ☐

Why you should spec a Mack truck you're not even thinking of buying.

Like many people, you've taken a hard-nosed look at the real cost of buying new trucks. And decided to lease. But if you think you're handing the problems of ownership to your lessor, your troubles could just be starting. Because you could be leasing a problem.

That's why you should seriously consider Mack® trucks. They've always been a smart buy. Today, they're just as smart to lease.

Read between the Bottom Lines

Look , the cost of full-service leasing is a straight tax deduction. And any truck you spec won't show up on the balance sheet. So you've got to look deeper.

Mack trucks are an asset in lots of different ways. Like less frequent maintenance schedules. Easier servicing. And Mack's legendary dependability. Many Mack trucks have gone over a million miles without major work. So you know the ones you lease are going to spend their time on the road. And not in the shop. Mack's higher level of riding comfort is another factor — when your drivers are more productive, so is your company.

That kind of cost-effective performance says a lot about your bottom line to your customers. They know if your trucks deliver, you can, too.

"Built Like a Mack Truck"®

We build trucks with *Balanced Design*, using proven components that work together for the greatest efficiency. You can spec Mack Econodyne® engines, Maxitorque® and T-200™ transmissions. Or choose from a selection of popular components from other manufacturers.

Either way, you get Mack performance that rolls up a lot of miles, years and profits. Talk to your Mack dealer or leasing agent. The Mack trucks you lease could be the smartest buy you ever made.

Mack TRUCKS

Mack Ultra-Liner®
a TO Z LEASING

What America needs is less bull and more Bulldog.

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Shipments of blow molded packaging for beverages (MM units)

Product	1982	1985	1987	Average annual growth rate
Soft drinks	3,650	7,335	9,350	20.6%
Fluid milk	2,558	3,003	3,343	5.5%
Alcoholic beverages	102	309	690	53.0%
Total	6,310	10,647	13,583	17.0%

Source: Frost & Sullivan estimates

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Blow molded usage could expand 17%

New York—Plastic liquor and wine bottles are expected to spearhead a strong 17% annual growth rate within the food and beverage segment of the blow molded packaging market, according to a new study by Frost & Sullivan. The growth rate, according to the report, is the result of the revived economy and new applications for the packages.

The beverage and food end-use segment as a whole, which already accounted for 41% of industry shipments of 15.5 billion units in 1982, will make up 53% of a 25.6 billion unit market in 1987, concludes the report, *"Blow Molded Packaging, Resins and Associated Equipment."*

Blow molding's success in the soft drink market with PET containers has inspired resin and machine developments aimed at increasing the productivity of molders, some of which are now reported to approach glass bottle line speeds. This impacts the emerging end-use for alcoholic beverage packaging, the study states.

HDPE accounts for 69% of all resins used in blow-molded packaging. PET resins have a 21% share, with the remaining 10% scattered among various other resins, as detailed in the 228-page report.

Frost & Sullivan notes that gas-phase process technology permitting major increases in polymerization volume from existing reactors is having a major impact on the HDPE market. Other development work aims at allowing stiffer container walls without increasing thickness or losing strength.

Blow molding equipment markets and processes are also analyzed in the study, which is priced at $1,425.

For more information, contact Customer Service, Frost & Sullivan, Inc., 106 Fulton St., New York, NY 10038; or phone (212) 233-1080. Ask for report number 968. ☐

IH to discontinue gasoline engines

Chicago, IL—The International Harvester Truck Group has announced it will discontinue production of IH vehicles powered by gasoline engines Dec. 1. "We have studied this option at length and believe that the commitment of resources to the IH diesel program is, in the long-run, serving the best interests of our customers," says Neil A. Springer, president of the IH Truck Group.

"Diesel engines offer a number of significant advantages over comparable gasoline-powered engines. Our experience has proven that diesels provide more usable power at lower engine operating speeds, offer a considerable fuel savings advantage, and cut maintenance costs since they don't require tune-ups of the type normally associated with gasoline powered alternatives. Finally, because diesels are more durable, they offer a longer service life and higher resale value," explains Springer.

Another consideration in the IH decision to cease production of gas-powered vehicles involves the impact of future EPA emission standards on tomorrow's gasoline engines. "With substantial investments, the EPA standards can be met, but it appears so only at the expense of fuel economy, performance, reliability and durability. We feel such sacrifices do not serve the best interests of the truck buying public," says Springer. ☐

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high efficiency
system
Board
trims cost
cluster pak
ead

Mead makes the packaging you built your business on more efficient than ever with a new, ultra high-tech system named EDP* (Economical, Dependable, Promotable). The package, constructed of a new bi-laminate material called Ply-Tech, is lighter yet stronger than ever. With its Bottle Locker* feature, the EDP* gives you solid security against bottle pull-out at retail, yet removal remains easy for the consumer at home. The in-plant system is faster, more efficient, less complicated than any before thanks to a true breakthrough in state-of-the-art electronics. The bottom line is a packaging system that costs you less in materials, in capital outlay, in downtime, in labor, etc., etc., without sacrificing the valuable paperboard marketing features in billboarding and promotion you'll need to take you into the next century. Call your Mead rep for a look at the EDP* system.

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Poor weather hurts Japan's SD sales

TOKYO—The soft drink industry in Japan is just as segmented and confusing to the Japanese consumer as it is in the United States, according to Sankicki Yamasaki, **Beverage Industry's** Far East correspondent. The end result of the confusion has been a drop in overall sales of soft drinks and juices, he says.

There are two reasons why the industry has endured poor sales in Japan. First, Japan has experienced such severe weather in the past few months that many consumers have remained indoors, thus, says Yamasaki, the soft drink industry has suffered through another year of poor sales.

The other reason is that retail prices have remained constant for the past 10 years despite increases in package costs. Although many people would say this would have just the opposite effect on sales, Yamasaki says this is not so. He says that although soft drink prices have remained stable, profit margins have been severely cut because of the increased packaging prices; thus, advertising and promotion budgets have been slashed to the bone resulting in consumer ignorance of new brands. In fact, says Yamasaki, disposable income among Japanese consumers increased last year even as soft drink sales dropped.

Colas command

Colas command approximately 34% of the soft drink market in Japan, giving credence to the belief that further expansion and keener brand competition results in consumer confusion, says Yamasaki.

Of that percentage, nearly 90% is controlled by Coca-Cola. The Coca-Cola group shipped 199,150,000 cases of carbonated soft drinks in 1982. Figures for 1983 are not available.

In all, the Coca-Cola concern handled approximately 250,950,000 beverages that year, far exceeding its closest sales competitor, Kirin Brewery. The Kirin Brewery shipped only 51,420,000 packages during 1982.

Lemon-lime flavored sodas had a market share of 29%, closely following the cola segment. From that point, however, market shares of various soft drinks drop dramatically. Orange-flavored sodas have the third largest share of the Japanese market with 9.9%. □

Japanese shipment of soft drinks by major suppliers for 1982

(Unit = 000 actual cases)

	Supplier:	Carbonated:	Fruit Drink:	Milk Drink	Specialty Drink:	Total
1.	Coca Cola Group	199,150	29,800	18,000	4,000	250,950
2.	Kirin Brewery	25,700	23,520	2,200*	-	51,420
3.	Calpis Food	4,600	-	36,000	-	40,600
4.	Otsuka Chemical	-	-	-	32,280	32,280
5.	UCC Coffee	1,400	2,200	27,000	-	30,600
6.	Asahi Brewery	21,340	6,700	-	-	28,040
7.	PepsiCo Group	20,650	2,600	1,900	-	25,150
8.	Suntory	4,100	13,830	2,700	830	21,460
9.	Morinaga/Sunkist	1,500	10,200	5,000	330	17,030
10.	Pokka Corp.	-	3,000	14,000	-	17,000
11.	Sapporo Brewery	3,450	4,700	1,650	-	9,800
12.	Snow Brand Dairy	6,820	1,550	600	830#	9,800
13.	Fujiya Confectionery	1,000	5,400	3,400	-	9,800

* Nestle brand coffee drink
# Gatorade
Source: Yamasaki International

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Wisdom markets Hudepohl brand in western states

IRVINE, CA—Wisdom Import Sales Co., Inc., the West's largest beer importer, has been appointed marketing and sales representative for Hudepohl Brewing Co.'s Christian Moerlein Beer in 11 western states.

The beer will be supported with a variety of point-of-sale displays and advertising that will emphasize the brand theme "Christian Moerlein—Quite Simply a Better Beer." □

Top Erie, PA, bottler reports:

"Klenzade helped streamline our sanitation program and cut costs, too!"

The Erie Bottling Corporation in Erie, PA, serves a two-county area which includes metropolitan Erie and Erie County, plus neighboring Crawford County. In spite of a poor economy, the company has continued to grow and is number one in their market today.

Growth, coupled with increased consumer demand for a wider variety of package options, lead to a major plant renovation in 1981. And, as Production Manager Mary Kavanagh explains, the plant sanitation program was also re-evaluated with an eye towards streamlining.

Bulk Purchase Saves 17%.
"Prior to renovation, powdered detergents and sanitizers were the standard. The delivery equipment caused problems, levels were sometimes difficult to judge and there was almost always spillage," explained Kavanagh.

"So when our new production line was completed, we asked Klenzade to recommend needed changes.

"We decided to switch from powdered caustic to Klenzade liquid delivered in bulk for two reasons. One, the liquid is much easier to measure. We use two Klenzade Senso-Matic units to monitor caustic levels in the bottle washer and another unit maintains levels in the pre-mix and post-mix tank washer. Secondly, buying caustic in bulk has helped reduce our costs about 17% over the old powder system."

Klenz-Glide 'Works like a charm'
Gary Frye, the Klenzade Account Manager, also helped eliminate a troublesome conveyor problem. According to Kavanagh, "Both the 10-ounce and 16-ounce non-returnable plastishield-covered packages 'acted like a squeegee' on our conveyors. But since we started using Klenzade Lubri-Klenz lube, we haven't had any problems. It works like a charm.

"We put a tremendous emphasis on quality control," noted Kavanagh, "and Klenzade's total sanitation program is providing us with excellent results."

To learn how Klenzade's total sanitation program can help you save time, water, energy and labor, write Kirby Olesen, Fluid Products Marketing Manager, Klenzade, Division Economics Laboratory, Inc., St. Paul, Minnesota 55102. Or call Klenzade at 800-328-3663.

KLENZADE™
Division of Economics Laboratory, Inc.
St. Paul, Minnesota 55102

What is the average salaries by company size?*

(Average total industry by no. of employees)

Title	1 - 99	100-299	300-499	500
President/Owner	$181,389	$88,148	$93,333	$95,000
Executive VP	59,605	68,947	79,167	85,714
Treasurer/Controller	34,286	41,417	43,500	57,000
General Manager	47,111	58,969	63,214	66,250
VP Manufacturing/Production	32,500	53,500	56,500	62,083
VP Sales/Mktg.	40,700	41,250	45,000	62,813
Marketing Manager	31,786	33,500	38,929	50,694
Sales Manager	29,894	34,032	34,231	36,250
Plant Manager	31,500	32,500	50,000	65,500
Operations Manager	32,976	37,083	42,250	49,412
Vending Manager	23,500	25,000	30,000	35,000
Warehouse Manager	26,667	32,500	37,435	42,500
Truck Fleet Manager	22,500	23,750	25,360	26,250
Production Supervisor	25,625	27,500	30,833	40,833
Purchasing Manager	28,750	25,000	25,000	48,750
Quality Control Manager	24,643	27,083	37,500	42,857
Chemist/Flavor Manager	None	None	32,500	36,667
Others	37,500	33,750	26,500	44,531
Engineers	39,167	42,500	37,500	39,730
Other Managers/Supervisors	27,857	29,583	32,500	43,583
Other Corp. Executives	None	17,500	22,500	44,375
EDP Personnel	None	37,500	35,450	36,500
Accounting Personnel	25,000	24,167	27,500	25,500
Scientists &Technicians/R&D Personnel	None	None	37,500	46,000

*Does not include fringe benefits

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August 1984

Survey reveals top executive salary levels

(Continued from page 1)

the beverage industry is. But by consensus, he or she is the president or owner of a brewery which employs more than 500 people, has 30 years of experience and a Master's degree.

How they rank

Average salaries for those in top managment are $61,803; for middle managment, $43,008; and for supervisory levels, $34,498.

Presidents and executive vice presidents are the highest paid executives in all three beverage fields. Third highest paid in soft drink plants is the general manager, averaging $54,301 per year. General managers are also the third highest paid in beer distributorships, averaging $45,775. Third highest paid in breweries is the vp-marketing, averaging $69,999.

> ***"Lowest paid executive in the brewing industry is the warehouse manager. In soft drinks . . .the fleet manager. . . In beer wholesaling these titles tied."***

Lowest paid executives in the brewing industry is the warehouse manager. In soft drinks, the lowest paid is the fleet manager. These two titles also tied for lowest pay in beer wholesaling.

Raises

Although nearly one-fourth of the respondents, 24.1%, said they received raises of less than 2% this year, the across the board increases in all three industries averaged 6.2%.

Marketing managers led all other titles, reporting an average increase of 7.7%. Production supervisors came in second with a 7.1% average. Third was purchasing managers with a 6.9% average increase. Tied for fourth with 6.8% increases were vending managers and quality control managers.

In the soft drink industry the average raise was 6.7%; 13.8% indicated they received increases of less than 2%.

Marketing managers came off best, reporting in with 7.7% increases. Next highest was executive vice presidents with 7.5% increases.

Third highest was quality control managers with 7.2% pay hikes. Tied for fourth were operations managers and vending managers with an average increase of 6.9%.

In breweries, the average increase was 6.9% with 10% indicating they received raises of less than 2%.

Production supervisors pulled in the highest increases, averaging 9.1%. Executive vice presidents reported average increases of 7.5% and vp-sales/marketing had 7% increases. All others were below the industry average.

It was tough to get an increase in the beer wholesaling industry last year. The industry average increase was 4.9%.

Treasurers and controllers, however, had average increases of 7.3%. Plant managers and warehouse managers were tied for second with average increases of 6%. Tied for third were general managers and sales managers who averaged 5.1% pay hikes.

Experience, education

In general, those executives with the most experience and the most education make the higher salaries. The single exception is in the brewing industry where those with Ph. D. degrees average $2,000 less in salary than those with master degrees.

> ***"In the soft drink industry the average raise was 6.7% . . . in breweries 6.9% . . ."***

The average number of years experience among all respondents was 16.

Those with high school or less education average $41,604 in the three industries with beer distributors paying an average of $52,085 to these executives

Soft drink firms and breweries pay considerably less, averaging $36,152 and $32,500 respectively.

Executives with doctorates are the highest paid in the soft drink industry averaging $59,999, $6,000 more than those with Masters. In breweries, Master degrees get the highest salary, $50,138 to $48,125 for a Ph. D. None of the beer wholesaler respondents had a doctorate.

Satisfactory salaries

More than three-fourths of the executives, 76.6%, indicated that they thought they were "fairly compensated for the job they do."

Among those who are most pleased with their compensation levels are presidents and owners, executive vps, general managers, vp-production, and plant managers.

The most displeased executives are fleet managers, quality control managers, sales managers, purchasing managers and vending man-

(Continued on page 32)

Average (median) salaries by job function

	Total	Soft Drink Plants	Breweries	Beer Distributors
President/Owner	$67,104	$74,698	$94,374	$65,235
Executive VP	$65,389	$71,055	$81,249	$55,832
Treasurer/Controller	$42,573	$43,804	$45,224	$38,124
General Manager	$49,905	$54,301	$44,999	$45,775
VP Manufacturing/Prod.	$51,931	$51,999	$51,249	—
VP Sales/Marketing	$48,862	$50,312	$69,999	$41,020
Marketing Manager	$39,539	$39,482	$47,142	$29,359
Sales Manager	$32,782	$39,190	$39,999	$29,762
Plant manager	$38,226	$31,558	$60,713	—
Operations Manager	$38,591	$36,428	$48,234	$32,499
Vending Manager	$31,166	$30,714	—	—
Warehouse Manager	$28,344	$29,374	$24,649	$27,499
Truck Fleet Manager	$26,359	$23,455	$52,499	$27,499
Production Supervisor	$31,428	$26,021	$38,999	—
Purchasing Manager	$35,492	$31,429	$45,277	$29,166
Quality Control Manager	$32,442	$27,415	$42,916	—
Chemist/Flavor Room Mgr.	$36,070	$34,166	$37,499	—
Engineer	$39,555	$39,791	$39,469	—

*Does not include fringe benefits

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August 1984

Educational Experience

	Total Median Salaries	Soft Drink Plant Median Salaries	Breweries Median Salaries	Beer Distributors Median Salaries
High School or Less	$14,604	$36,152	$32,500	$32,085
Some College	$44,057	$39,407	$41,462	$42,674
Bachelors Degree	$49,583	$47,778	$44,395	$54,857
Masters Degree	$51,813	$53,059	$50,138	$50,808
Ph.D.	$53,213	$59,999	$48,125	—

*Does not include fringe benefits

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August 1964

Salaries vs. experience*

	Total	Soft Drink Plants	Breweries	Beer Distributors
Years Experience	Median Salaries	Median Salaries	Median Salaries	Median Salaries
2 or Less	$32,494	$33,022	$34,186	$26,549
3-5	$36,930	$32,804	$41,276	$44,310
6-9	$39,535	$35,732	$42,243	$42,430
10-14	$43,940	$43,100	$41,250	$46,454
15-19	$51,627	$48,074	$48,300	$58,760
20-24	$51,655	$47,654	$52,000	$60,245
25-29	$55,292	$56,022	$55,000	$54,286
30 or More	$56,938	$49,610	$51,093	$68,913

*Does not include fringe benefits

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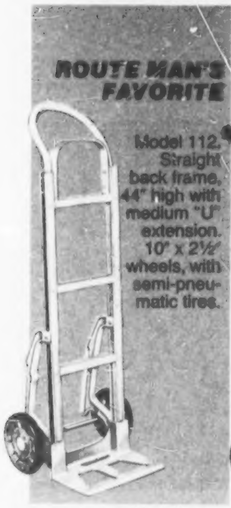
VARIETY SIX PAK


ROUTE MAN'S FAVORITE

Model 112. Straight back frame, 44" high with medium "U" extension. 10" x 2½" wheels, with semi-pneumatic tires.

Circle No. 160

HI-CASE STACKER

Model 116. Straight back frame, 52" high with "Hi-U" extension. Dougle-grip handles. 8" wheels, semi-pneumatic tires.

Circle No. 161

BEVERAGE HANDLER

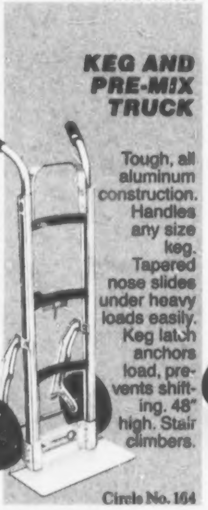
Model 117. Extra wide nose. 10" wheels and full pneumatic tires. Easy rolling, easy steering; roadways, curbs, sidewalks. 50" overall height.

Circle No. 162

HI-STACK HANDLER

Model 115. Same as Model 117, except has vertical loop handle for easy one hand balance and control. 50" high.

Circle No. 163


KEG AND PRE-MIX TRUCK

Tough, all aluminum construction. Handles any size keg. Tapered nose slides under heavy loads easily. Keg latch anchors load, prevents shifting. 48" high. Stair climbers.

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GEMINI

The hi-volume mover. Automatically converts from 2-wheel to 4-wheel mode at a touch of the release lever.

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Survey reveals top executive salary levels

(Continued from page 30)

agers.

Surprisingly, 11% of the owners and presidents also said they did not feel they were adequately compensated.

Proving a correlation between compensation and satisfaction, a high number felt their role was recognized.

Over 82% of the respondents indicated they felt their employers recognized the importance of the role they play in the success of the company.

"As in most industries, health care plans and insurance top the list of fringe benefits . . ."

Highest scores among those who feel they are recognized were by presidents and owners, vp-sales/marketing, plant managers, marketing managers, and executive vps.

Almost half, 45.7%, of the quality control managers felt their role was not recognized. Other titles which indicated they did not feel the importance of their contribution is being felt were warehouse managers, production supervisors, vending managers and fleet managers.

Fringes

As in most industries, health care plans and insurance top the list of fringe benefits; 97.3% of the respondents said their firms offer these programs. Paid vacations are offered by 89.9% of the firms.

Dental plans, company cars and bonuses are offered by approximately 60% of the firms. Profit sharing and stock purchase plans are offered by about one-third of the plants.

Among additional fringes were savings plans and deferred compensation, country club dues, disability plans and insurance, and paid sick days and vacations.

Among the least practiced fringes for top executives were credit unions, cafeterias, double-paid vacations and free products. □

RC restaffing, relocation seen

(Continued from page 1)

that "Fred never met Posner at any time, up to and including the day he left." Adamany's latest contract guaranteed his $245,000 salary through 1988. His first public comment since leaving RC was that he "had a better deal."

He reportedly will be executive vp in charge of the Beatrice food and Tropicana operations. His "street smarts" from the beverage field and background in the supermarket industry (Piggly Wiggly) should get a work out as the new food items from the Beatrice's Esmark acquisition are integrated into the new company alignment.

Adamany will also continue to be involved in the RC and soft drink business. He was a partner in the Mike Weil acquisition of company-owned plants last year.

As for who will replace Adamany, the initial word was that an "in-house" search had been launched.

Although various financial sources have speculated that Posner will sell off the various segments of the firm, this is not necessarily true. Most of his acqusitions have been retained with an emphasis on profitability.

Complicating the situation, of course, is Posner's deal to acquire National Can, a major supplier of beverage packages. If a conflict of interest is perceived either by customers or by the FTC, Posner may be forced to sell one or the other. Bottlers are betting that he'll unload Royal Crown.

He is viewed more as a cost-cutter than a seller. To this end, the headquarters relocation to Atlanta and a curtailment of support funds can be expected. Bottlers also expect him to restaff the firm, at least initially with "bean counters" from his existing financial network.

William T. Young and Donald McMahon who were replaced as chairman and president of the firm effective with the acquisition will also be leaving the firm in December.

Meanwhile RC bottlers are beginning to feel the pinch. "No one has paid any attention to this firm's products for the six months this deal has been in the works," commented a deep south franchise.

Others told of knowing of several firms which were within days of going bankrupt. The president of a midwest bottling firm added, "If something happens and they don't get their reimbursement checks, they're really going to be hurting. Matter of fact, we all will." □

Retail volume of powdered drink mixes (mil. gal. equivalent, water-base beverages only)

	1974		1975		1976		1977		1978		1979		1980		1981		1982		1983		Change
	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	Vol.	Pct.	1982/83
General Foods																					
Kool-Aid*	406.5	54.9%	448.9	54.3	473.3	52.0%	508.0	48.3%	506.0	45.5%	491.4	44.7%	486.5	43.%	520.0	46.4%	546.0	47.9%	606.0	46.6%	11.0%
Kool-Aid†	102.7	13.9	140.9	17.0	141.0	15.1	151.0	14.4	149.6	13.5	153.4	13.9	165.9	14.9	142.7	12.7	143.0	12.5	197.0	15.2	37.8
Crystal Light	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55.0	4.2	—
Country Time	—	—	—	—	39.0	2.0	50.0	4.8	61.7	5.5	72.8	6.6	72.4	6.5	64.4	5.8	62.2	5.5	44.0	3.4	(29.3)
Total	509.2	68.8	589.8	71.3	653.3	69.1	709.0	67.5	717.3	64.5	717.6	65.2	724.8	65.1	727.1	64.9	751.2	65.9	902.0	69.4	20.1
Borden																					
Wyler+	135.4	18.3	130.9	15.8	114.5	12.2	105.0	10.0	62.4	5.6	62.4	5.7	67.2	6.0	98.4	8.8	153.6	13.5	191.5	14.7	24.7
Borden Prize	—	—	—	—	17.5	1.8	13.0	1.2	4.8	0.4	4.8	0.4	—	—	—	—	—	—	—	—	—
ReaLemon Crystals	—	—	—	—	—	—	—	—	—	—	—	—	9.6	0.9	12.0	1.1	7.2	0.6	3.5	0.3	(51.4)
Total	135.4	18.3	130.9	15.8	132.0	14.0	118.0	11.2	67.2	6.0	67.2	6.1	76.8	6.9	110.4	9.9	160.8	14.1	195.0	15.0	21.3
Coca-Cola																					
Hi-C	—	—	—	—	—	—	—	—	45.6	4.1	42.3	3.8	33.6	3.0	26.4	2.4	—	—	—	—	—
Minute Maid	—	—	—	—	—	—	—	—	34.3	3.1	36.6	3.3	40.3	3.6	36.3	3.2	31.0	2.7	28.0	2.2	(9.7)
Total	—	—	—	—	—	—	—	—	79.9	7.2	78.9	7.1	73.9	6.6	62.7	5.6	31.0	2.7	28.0	2.2	(9.7)
R.J. Reynolds																					
Hawaiian Punch*	—	—	—	—	—	—	—	—	52.3	4.7	33.0	3.0	27.0	2.4	16.0	1.4	12.0	1.1	6.0	0.5	(50.0)
Hawaiian Punch	—	—	—	—	65.6	6.0	75.0	7.1	53.9	4.9	48.0	4.4	41.0	3.7	39.0	3.5	22.0	1.9	14.0	1.0	(36.4)
Total	—	—	—	—	65.6	6.0	75.0	7.1	106.2	9.6	81.0	7.4	68.0	6.1	55.0	4.9	34.0	3.0	20.0	1.5	(41.2)
Pillsbury																					
Funny Face	51.4	6.9	47.2	5.7	39.0	4.5	24.0	2.3	16.9	1.5	—	—	—	—	—	—	—	—	—	—	—
Square	—	—	—	—	18.5	1.9	14.0	1.3	2.5	0.2	—	—	—	—	—	—	—	—	—	—	—
Total	51.4	6.9	47.2	5.7	57.5	6.4	38.0	3.6	19.4	1.7	—	—	—	—	—	—	—	—	—	—	—
Lipton Lemon Tree	—	—	—	—	—	—	—	—	—	—	21.0	1.9	23.0	2.1	11.5	1.0	4.0	0.4	1.0	0.1	(75.0)
Private Labels & Others	44.0	6.0	59.1	7.2	73.7	4.5	110.7	10.6	122.0	11.0	135.3	12.3	145.8	13.2	153.3	13.7	159.0	13.9	154.0	11.8	(3.1)
Total Market Volume	740.0	100.0%	827.0	100.0%	982.0	100.0%	1,050.7	100.0%	1,112.0	100.0%	1,101.0	100.0%	1,113.3	100.0%	1,120.0	100.0%	1,140.0	100.0	1,300.0	100.0%	14.0%
Total Sales ($ MIL.)	$235		$420		$480		$500		$530		$552		$629		$680		$640		$800		

*Unsweetened.
+Presweetened, includes aspartame.
Source: Lehman Brothers Kuhn Loeb Research

Copyright: John C. Maxwell
Beverage Industry, August 1984

NutraSweet boosts sales 14% in '83

(Continued from page 4)

recorded drops of 51.4% and an even 50%, respectively, over 1982's volumes.

Advertising costs

Overall advertising costs for powdered drink products increased 33.5% during the year also. Total dollars were $36.7 million versus $27.5 million in '82, according to Maxwell.

General Foods was the top advertiser last year, accounting for 90% of the segment's advertising. The company increased its year-to-year spending by 38.1%. Although General Foods lowered the dollars allotted for Country Time, advertising revenues for Kool-Aid increased by nearly 26%.

Borden and R.J. Reynolds, says Maxwell, also posted impressive gains in advertising for their powdered drink mixes, 55% and 50%, respectively. ☐

CB's 'Juice-A-Therm' units unitized for processors

CEDAR RAPIDS, IA—Juice processors no longer have to seek the advice of numerous equipment manufacturers because, according to officials with Cherry-Burrell Corp., complete unitized juice systems are now available.

Called "Juice-A-Therm," the systems can be custom designed to fit each processor's requirements. "No longer do juice processors have to compromise the end product to fit a specific supplier's system because only a limited number of heat exchange types are offered," says John W. O'Brien, vp of marketing communications.

The company is now offering processors six distinct kinds of heat exchangers, including system components mounted as modules to cut installation time and cost.

One particular exchanger is the "Thermaflex" model, primarily used for single strength, low-pulp content juices. The plates can be streamed to produce the volume desired.

Juice-A-Therms are available in either standard pasteurized or aseptic-UHT models.

• For additional information on **Cherry-Burrell's flexible juice systems**, circle no. 314 on the reader service card. ☐

1934 1984

We are proudly beginning our

SECOND HALF CENTURY!

More important, we fully appreciate that we are successful because of the trust and confidence our customers place in us. We pledge to continue to earn our good reputation with pioneer technology, quality equipment and attentive service.

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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	February 1984	March 1984	% Change	March 1983	Mar. '83 vs. Mar. '84 % Change
Cola	318.3	319.1	0.3%	314.1	1.6%
Other carbonated soft drinks	152.6	153.2	0.4%	146.7	4.4%
Noncarbonated drinks	144.5	144.9	0.3%	141.1	2.7%
Wine	232.4	233.6	0.5%	239.1	(2.3%)
Beer and ale	227.7	228.7	0.4%	219.8	4%

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "Market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Closures for Beverages (thousands of gross)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Metal (for spirits, wines)*	64,772	55,873	(13.7)	38,290	45.9
Plastic (for spirits, wines)*	115,546	114,486	(.9)	104,464	9.6
Metal Crowns (beer & soft drinks)	12,543	11,421	(8.9)	13,216	(13.6)
Soft drink (convenience and conventional)	4,081	5,799	42.1	4,910	18.1
Beer (convenience and conventional)	8,462	5,622	(33.6)	8,306	32.3
All other metal closures other than crowns	6,356	6,615	4.1	5,791	14.2

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	November 1983	December 1983	% Change	December 1982	Dec. '82 vs. Dec. '83 % Change
Glass Bottle Production Total Bottles:	20,260	18,077	(10.8)	21,013	(14)
Beverage: Refillable	253	203	(19.8)	405	(49.9)
Nonrefillable	3,978	3,533	(11.29)	4,012	(11.9)
Beer: Refillable	111	133	19.8	39	241
Nonrefillable	6,142	5,462	(11.1)	6,708	(18.6)
Liquor	1,179	1,004	(14.8)	1,038	(3.3)
Wine	691	663	(4.1)	646	2.3
Plastic Bottle Production* Carbonated beverages	163,129	227,468	39.4	249,581	(8.9)

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	February 1984	March 1984	% Change	March 1983	Mar. '83 vs. Mar. '84 % Change
Soft drinks	334.5	337.1	0.8%	325	3.7%
Alcoholic beverages	208.7	207.8	(0.4%)	203	2.4%
Beverages and beverage materials	270.0	270.2	0.1%	261.8	3.2%
Packaged beverage materials	339.5	338.5	0.3%	326	3.8%

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	February 1984	March 1984	% Change	March 1983	March '83 vs. March '84 % Change
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	0	14.25	0
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	31.45	31.45	0	32.20	(2.3)

NA: Not Available

Source: The Journal of Commerce

Imported Beverages (proof gals)

	January 1984	February 1984	% Change	February 1983	Feb. '83 vs. Feb. '84 % Change
Beer*	15,919,008	14,046,391	(11.8)	11,763,817	19.4
Whiskey	4,839,767	6,839,767	41.3	4,278,098	59.9
Brandy	491,872	475,439	(3.3)	402,994	18
Gin	355,877	319,603	(10.2)	242,108	32
Rum	49,695	70,673	42.2	40,234	75.7
Cordials & liquers	879,766	1,505,996	71.2	621,083	142.5
Others	578,049	1,037,991	79.6	570,083	82.1
Total	23,114,034	24,295,860	5.1	17,918,417	35.6
Sparkling wines	1,356,748	804,616	(40.7)	506,457	58.9
Still wines, table	10,605,181	7,110,166	(33)	4,207,467	69
Still wines, fortified	113,278	335,910	196.5	110,488	204
Vermouth	265,356	211,196	(20.4)	187,789	12.5

*Includes ale, stout, porter

Source: National Association of Beverage Importers

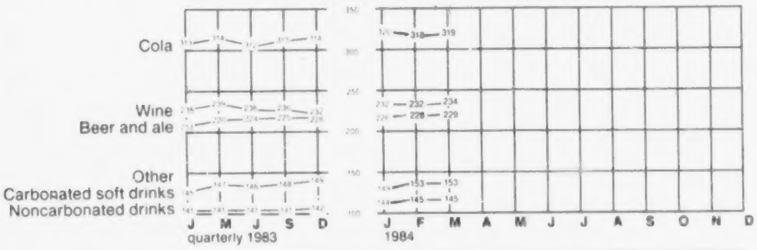
Alcoholic Beverage Removals (barrels of 31 gals)

	December 1983	January 1983	% Change	January 1982	Jan. '83 vs. Jan. '84 % Change
Beer	12,187,270	12,653,020	3.8	12,931,252	(2.2)
Wine*	34,687,237	27,143,834	(21.7)	26,610,246	2
Spirits*	24,848,922	27,256,001	9.7	25,675,279	6.2

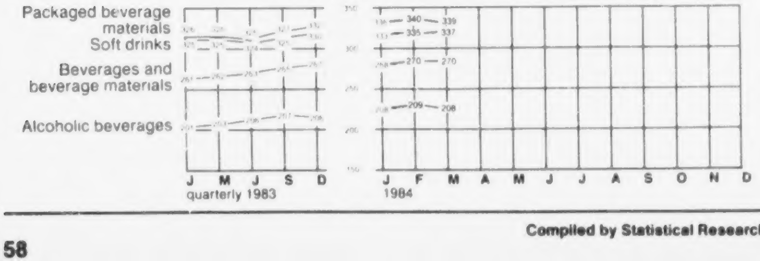
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

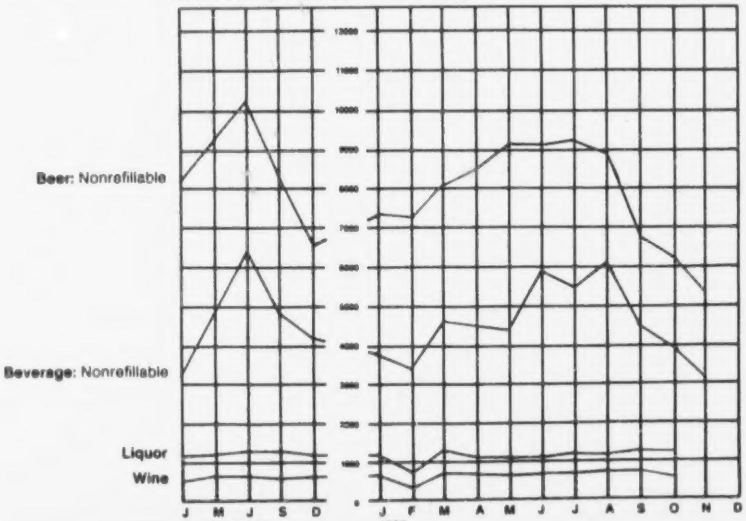
1984 Consumer Price Index (1967 = 100)



1984 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

C4390-2

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐
SEPTEMBER 1984
Beverage Industry
MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
AN HBJ PUBLICATION

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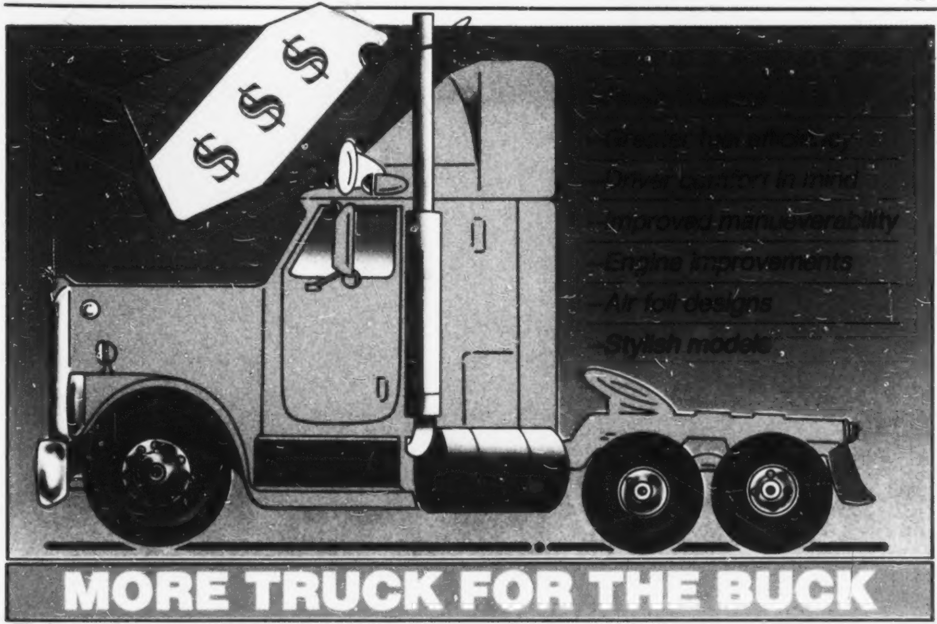


Diesels, propane more popular

More value in 1985 trucks

Exclusive— Along with greater efficiency under the hood, the beverage truck buyer can be assured of receiving greater value for his truck dollar in 1985.

As in recent years, outward appearances of trucks will change very little; the biggest change will occur inside the cab and under the hood. New exterior styling, featuring wind control devices for fuel economy, plush interiors and improved diesel engines dominate the truck buyer's scene this year.

Despite the fact that diesel-powered trucks are still selling very well, even over last year's sales figures, propane is gaining a significant number of new users.

In fact, according to Al Anderson of Hesse Corp., Kansas City, propane fuel is more popular in Colorado, Utah and Wyoming than anywhere else in the U. S. The reason? "The fuel burns clean,

(Continued on page 48)

BI Report

■ 3-L PET SHAPING UP AS PACKAGE OF THE YEAR. Early success in Birmingham has spurred expansion plans for this, the industry's largest package. Pepsi bottlers clamoring for package, while suppliers stand in line for new molds. Coke plans intro shortly, possibly with a handled version.

■ DR PEPPER REPORTS double digit sales gains since the leveraged buyout. In recent upbeat letter to franchises, Chairman W. W. Clements and President Joe Hughes also claimed "that Dr Pepper is once again the fastest growing major brand in the industry."

■ NATIONAL DISTRIBUTION of A-B's LA accelerated, was expected to be in all markets by mid-August. Mike Roarty, executive vp/director of marketing, says sales success,

(Continued on page 70)

Could prohibition return?

by Marty Westerman

Commentary—The Congressional passage of the new 21-year-old minimum drinking age with its blatant blackmail clauses signals the development of a new prohibitionist attitude.

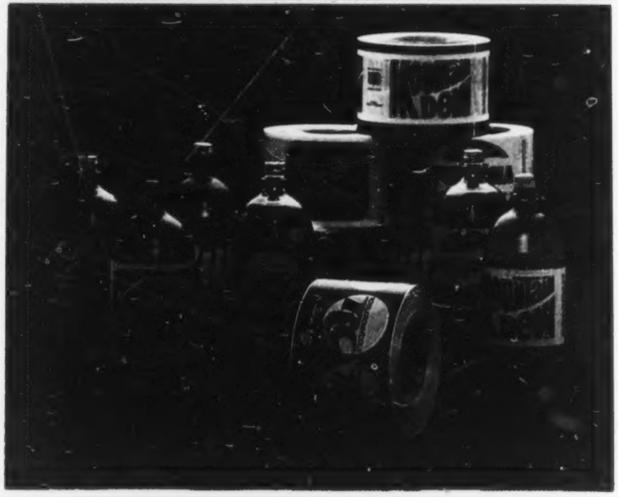
As a result, the industry can expect legislators, public interest, political action and religious groups and consultants are calling for increased excise taxes; advertising restrictions; raised drinking ages; warning posters and package labels; and third-party liability laws in a shotgun effort to force the industry into taking some responsibility for influencing people to drink.

The efforts of this hostile group concerns the industry, which has saturated its market and faces flat annual growth. These fears are heightened more so because industry sources estimate having lost about 3.5 million potential beer drinkers in 1983 due to raised drinking-age laws. The beer industry is losing about the same number for the same reason this year.

The industry is also concerned about finding growth and is aggressively marketing its products while girding for soft drink-style price wars

(Continued on page 38)

BI Now Package



Owens-Illinois has developed a new labeling system through glueless, solvent-bonding technology, which it claims has the lowest direct cost of any system in use. See page 18.

Over 130 will exhibit at Brewing Congress

St. Louis—Approximately 133 brewing and allied industry suppliers from the U.S. and foreign countries will be exhibiting in the 1984 Brewing Congress of the Americas Convention and Exhibition Sept. 16-20 at the Convention Center here.

The exhibition is hosted by the first Brewing Congress of the Americas, in conjunction with the 97th Master Brewers Assn. of the Americas Convention and the 50th Anniversary Convention of the American Society of Brewing Chemists.

Special events include a President's Dinner on Sunday evening, Sept. 16. Andrew J. Steinhubl of Anheuser-Busch, St. Louis, and president of the M.B.A. and James McDougall of Stroh Brewery, Detroit and

(Continued on page 22)

NutraSweet TV ads call for 100% usage

New York—G.D. Searle and Co. has begun an intensive marketing campaign, aimed at increasing awareness of all products sweetened 100% with its NutraSweet brand. It is perhaps the largest campaign ever designed around a product ingredient.

Products sweetened 100% with NutraSweet now carry a red and white swirl logo to help consumers to identify them from products using other sweeteners or NutraSweet/saccharin blends. More than 60 products, including a growing number of soft drinks, carry the symbol, Searle reports.

NUTRASWEET®
BRAND SWEETENER

The campaign began July 6 with a multi-million dollar broadcasting and print campaign, designed "to build initial awareness among consumers," Searle reports. On Sept. 23, a second series of TV spots will be introduced in which the products themselves are "awarded" the logo.

Despite some recent controversy, combined total sales of NutraSweet and Equal, Searle's brand of tabletop sweetener, sales have skyrocketed from $74 million in 1982 to $336 million in 1983 and to $288 million in the first six months of this year.

Stability and price have been the major concerns of soft drink manufacturers considering usage of 100% NutraSweet, but Searle has answers on both accounts.

"I think it's clear that if you talk to anyone in the technical side of the industry, they would tell you that there's stability benefits to a blend," says Searle's Timothy J. Healy, vp-marketing, NutraSweet Group. "I think the way to look at it, though, is it's a question of whether or not there's a problem with 100%. I think Procter & Gamble, Squirt and now folks like Shasta have proved there's not any problem."

In regards to price, Healy adds: "In every case, 100%

(Continued on page 57)

BEST AVAILABLE COPY

Beverage Industry

AN HBJ PUBLICATION

New England Apple products is now packaging its Veryfine juices and fruit drinks in lightweight, 11½-oz. aluminum cans.

Alternative to aseptics

Juice producer wins with cans and bottles

LITTLETON, MA—As many fruit juice processors across the country begin to gear up for full production of aseptic packaging, one New England firm is standing alone in its commitment to bottles and cans as the juice packaging most preferred by vending operators and customers.

David Rowse, president of New England Apple Products Co., Inc., the producer of the *Veryfine* brand of fruit juices, tells **Beverage Industry** in an exclusive story that he is not convinced that aseptics are the "wave of the future" because the packages have not fulfilled promises of reduced costs in packaging and shipping and providing a larger customer base beyond children. Judging from the 3,000 Veryfine bottle venders presently in distribution and from the overwhelming call for cans by schools and health care facilities across the United States, Rowse's customers share the sentiment. The company began full can production in early July.

One of Rowse's customers is The Macke Company headquartered in Cheverly, MD. Gershon Hoffer, regional sales manager for the firm, says that he anticipates a tremendous expansion of the 400 machines his company has already purchased. "My region alone has 150 machines, and once the cans are available," he says, "we can really capitalize on the Washington, D.C., school systems effectively."

Macke of North Haven, CT, is equally anxious to

(Continued on page 35)

PET recycles into carriers

INCLINE VILLAGE, NV—One of the first major commodity products using recycled PET bottles was introduced here recently in the form of basket-style bottle carriers.

Invented by William Lemon, who holds the U.S. and Canadian patents, the process for turning recycled PET bottles into bottle carriers was developed under the auspices of Newcastle Development, a venture capital group from Burlingame, CA. Engineering and marketing offices for the project are located here.

The process uses PET bottles which are primarily obtained from Wellman and DuPont, who have fine cleaned the bottles and removed the paper labels and plastic base cups.

Recycled PET is used to make these basket-style bottle carriers, invented by William Lemon.

Currently, Lemon is using two contract converters in Massachusetts to produce the bottle carriers. The empty PET bottles are reground and fed into the equipment

(Continued on page 58)

VENDING SHIPMENTS

	Number of companies	1983		1982	
		Quantity	Value	Quantity	Value
Coin-operated vending machines	45	650,016	328,254	502,079	318,943
Beverage vending machines	19	228,430	206,951	225,037	213,425
Hot beverage:					
Instant freeze-dried or liquid concentrate:					
Nonoffice type	5				
Office type	3	6,830	5,693	7,152	6,494
fresh brew, coffee and combinations	4	6,336	15,244	6,186	13,860
Soft drink:					
Canned beverage (refrigerated) vending machines	5				
Bottle vending machines	5	213,590	182,886	210,312	190,089
Cup (post mix)	5	(NA)	(NA)	(NA)	(NA)
Packaged milk and juice	3	1,674	3,128	1,387	2,982
Other vending machines for beverages	4	(NA)	(NA)	(NA)	(NA)

(NA) Not available
Source: U.S. Department of Commerce

Copyright: **Beverage Industry**
September 1984

Vending shipments up 30% in '83

WASHINGTON, D.C.—Beverage vending shipments were up 147,937 in 1983 over 1982, an increase of almost 30% according to a report on coin operated vending machines recently released by the U.S. Department of Commerce.

Last year saw 650,016 beverage machines valued at $328,254,000 compared with 502,079 machines valued at $318,943,000 in 1982.

The number of canned and bottled soft drink vending machines increased almost 2% from 210,312 in 1982 to 213,590 in '83. Yet, the estimated value of soft drink machines in the field fell from $190,089,000 in '82 to $182,886,000 in 1983.

The package milk and juice industry experienced a 21% increase in the number of machines distributing their product. There were 1,674 machines in the field in '83 a substantial increase over the 1,387 machines in 1982. The value of these machines increased from $2,982,000 in 1982 to $3,128,000 in '83.

The number of vending machines serving hot beverages increased a little over 1% in 1983. In 1983, there were 228,430 hot beverage vending machines compared with 225,037 in '82. These machines were valued at $213,425,000 in '82 and fell in value to $206,951,000 in '83.

The number of nonoffice and office type dispensers fell by almost 5% in '83, while fresh brew, coffee and combination hot beverage machines increased by over 2%, the report shows. ☐

Hamlin named vp-marketing by Dr Pepper

DALLAS, TX—Robert C. Hamlin, a 20-year advertising executive and most recently a vice president at Young & Rubicam, Inc., New York, has been elected vp-marketing of the Dr Pepper Co. based here. Hamlin succeeds William L. Schermerhorn, who resigned in April.

Hamlin has been Y & R's account supervisor for Dr Pepper since 1978. He was instrumental in the "Be a Pepper" advertising campaigns (1978-1983) and the recent "hold out for the out of the ordinary" campaign.

As Dr Pepper's marketing chief, Hamlin will direct bottler support systems and activities including advertising and consumer promotions. Other responsibilities include creation and placement of radio, outdoor and print advertising, market and consumer research, brand development and sales promotion programs. ☐

Features

6 BI market report: San Francisco

Marty Westerman's exclusive report on the the Golden Gate City reveals a trend setting marketplace whose residents drink six million cases of beer and 50 million cases of soft drinks a year.

16 Webber of NSDA forecasts future

In an interview with **BI,** Fred Webber, newly-elected vice president of the National Soft Drink Assn. discusses what's ahead for the soft drink industry.

32 High tech meets bottle sorting

The new Inex bottle sorting machine uses state-of-the-art technology to sort up to eight different bottle types out of thousands of bottle-type possibilities.

41 Compensation programs, part 2

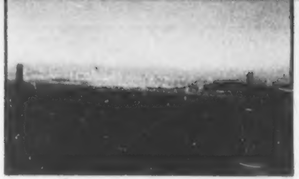
Ugo Ippolito's special report on compensation alternatives continues with the discussion of phantom stock plans, performance shares and restricted stock sales and awards.

45 Software and soft drinks

BI's report clarifies some of the computer options available to bottlers and distributors in the beverage industry, a frontier for computer suppliers.

51 BI bottle laws continued

September's part two of the bottle bill legislation feature further reveals the demographics and statistics on bottle laws in the United States.



page 9

page 45

Departments

Reader Service 7
NOW Package 18
Plant Security 30
Focus Report 45
Beverage Indicators . .60
New Products 61
Newsmakers 62
Supply House 63
Classifieds 64
Ad Index 66
Editorial 72

Soundoff

Scapegoating will not cure alcoholism

"... currently the public appears to be continuing to adopt moderate drinking patterns as part of a healthy lifestyle. As we move into the next century, hopefuly this trend will continue to expand while alcohol problems diminish. This projection can be achieved only if broad-based factual alcohol education programs continue.

"... all elements of the public must play a part in these efforts, including the alcohol beverage industry...

"As prohibition proved 50 years ago, merely scapegoating one industry will not lead to solutions to alcoholism and alcohol abuse..."

Donald B. Shea,
president, USBA
at the National Conference
of State Liquor
Administrators.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.

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Focus Report: computer equipment

Survey reveals systems a necessity, not a luxury

EXCLUSIVE—Cost controls, increased production and improved productivity, reduction in human errors, collection and analysis of sales and inventory data are just a few of the many advantages that computer hardware and software suppliers to the beverage industry say that distributors and beverage producers would gain by investing in computers.

These are just a few of the opinions offered by suppliers in this trend report, the ninth in a series of exclusive features that **Beverage Industry** will publish this year. This report is compiled from interviews and information tabulated from survey forms received from nearly every major supplier of computer hardware and software equipment to the beverage industry. The responses were measured for **BI** by **SRCH,** a statistical center for Harcourt Brace Jovanovich Publications.

Soft drink manufacturers and beer distributors appear to be the largest customers for computer suppliers, according to the results of the survey. One unidentified combination hardware-software supplier claims that his sales to soft drink manufacturers were 80% of his total business. Another hardware supplier reports that his sales to beer distributors were 75% of his firm's total sales while a software supplier says sales to beer distributors were 70% of his business.

Soft drink distributors were another source of business for some suppliers also, according to the study. One supplier obviously sells exclusively to the beverage industry, claiming that all of his company's software sales were generated by soft drink distributors. Another supplier, meanwhile, reports that sales to distributors were 30% of his company's figures.

Many of the comments received from suppliers were typical of this one from K.F.N. Scott, president of Sha Computers, Inc., Saratoga Springs, NY: "At the present time, all of our sales are to soft drink manufacturers and distributors...We anticipate, with the changes which have occurred in technology and our software over the recent past, that we will also be dealing with the brewery industry."

Breweries, bottled water producers and distributors, wine and spirits producers and distributors apparently are not too receptive to computer hardware units; only one company reports that his sales to wine and spirits producers-distributors were 35%. Other companies report that their sales to these beverage segments were 1% or less of their company's total sales.

Hardware costs

Costs of computer hardware systems may be too high for some beverage companies, according to the responses. On the other hand, computers are a necessity and not a luxury in today's highly-competitive business world.

The costs for the hardware ranges anywhere from $2,000 for a handheld unit to the larger $300,000 systems. For instance, Data General minicomputers, supplied by Data Consultants, Inc., Rockville, MD, range in price from $15,000 to $250,000.

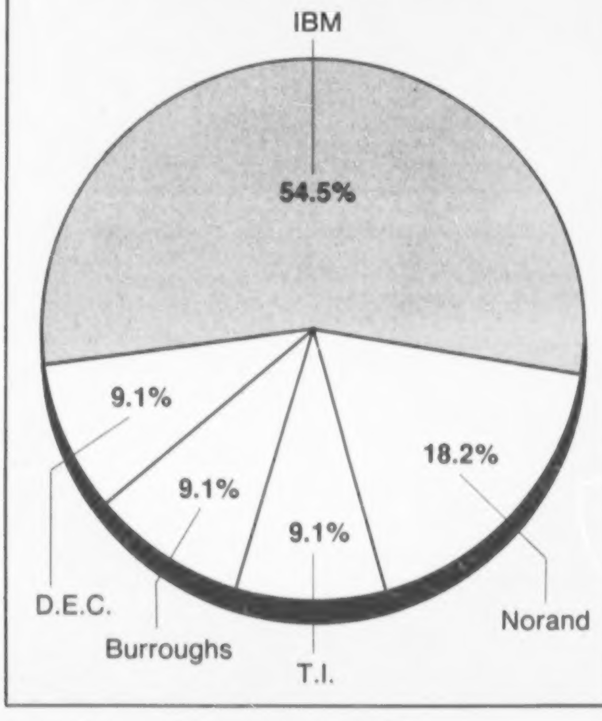
The widely-known Routecommander® system, by Norand Computer Systems, Cedar Rapids, IA, sells for $2,000. The company's 101 and 121 hand-held terminals sell for approximately $1,200. Digatex, the Austin, TX-based supplier, says its units range in price from $25,000 to $300,000. Endata, of Charlotte, NC, has the IBM System 36 for $50,000.

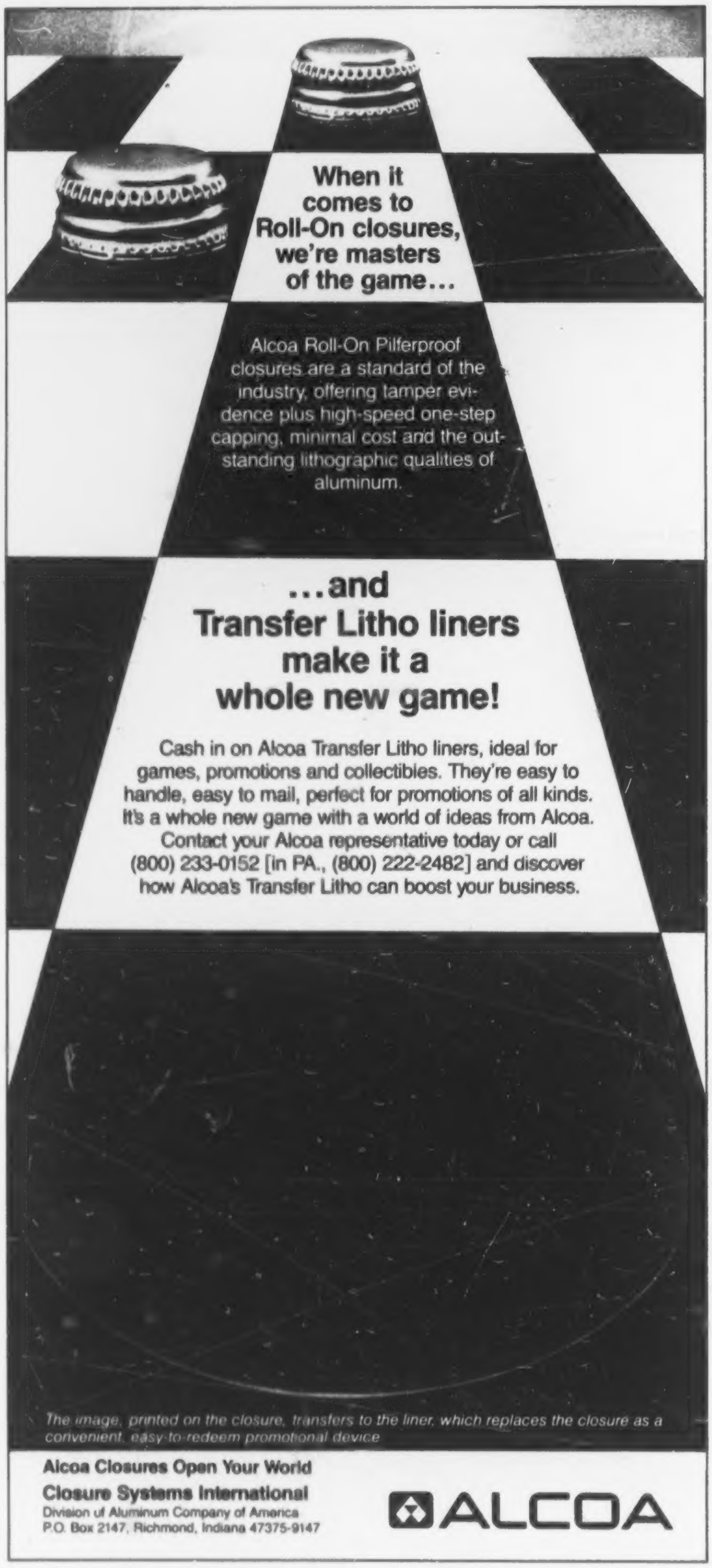
Sha Computer Inc.'s system, according to a spokesman, would cost in the order of $35,000. This system, says the spokesman, would be suitable for a beverage distributor within the order of six to 12 delivery trucks.

Source One Distributor Management, Kalamazoo, MI, has several Burroughs systems available, including the Burroughs B91 ($15,000); Burroughs B92 ($16,000); Burroughs B96 ($25,000); and the Burroughs B900 ($40,000). Digital Equipment Corporation, Milwaukee, has hardware systems for between $10,000 and $100,000. MSI Data Corporation, Costa Mesa, CA, sells its MSI/85 hand-held terminal for between $800 and $1,300. The company's MSI/88F units sell for between $1,200 and $2,400. Spokesmen report that the

MOST POPULAR COMPUTER HARDWARE

Among Bev. Mfg./Distr.

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firm's BC-500, a briefcase configuration, sells for $2,500 while its vehicle mounted unit is set at $2,700.

Costs for software systems are, of course, somewhat less expensive than most of the hardware supplied by the manufacturers and distributors.

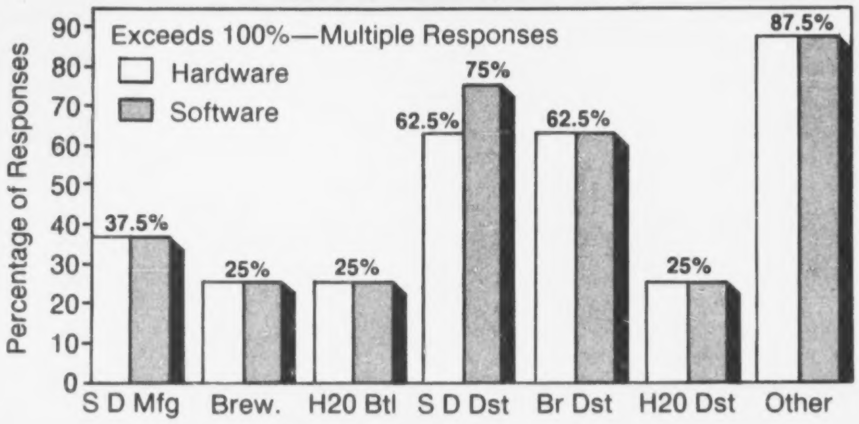
Data Consultants, Inc., names four software systems for the beverage industry: Automated Beverage System ($15,000); General Accounting System ($5,000); Norand Software Interface ($7,500); and Spaceman, Shelf Space Allocation ($6,500). Meanwhile, Norand Computer Systems has a route accounting software system for preselling and route selling for $6,000.

Endata's systems include a software distribution manager package for breweries for $30,000; for the soft drink segment, $40,000; for the wine and spirits market for $40,000; and a PC for $5,500. Source One Distributor Management has a route accounting system with a beginning price of $4,000. The package, according to Source One, is a beer, wine, soft drink and liquor route accounting system for pre-sell and/or driver sell. It offers the user vending machine analysis, sales forecasting, vehicle maintenance, accounts payable, accounts receivable, general ledger and payroll. The package, says a company spokesman, is compatible with Norand's Route Commander systems.

Effective Management Systems offers its customers a software system for inventory control, routing and manufacturing purposes for $20,000.

COMPUTER EQUIPMENT SURVEY

Type Of Industry Served



Computer problems

The suppliers were asked to gauge the following concerns that their beverage manufacturers and/or distributors have with various hardware and software systems: cost, maintenance-service, ease of operation, downtime, software availability, supplies, education of operators, and portability of equipment.

By far, "cost" was the dominant concern of most of the suppliers' beverage customers. The survey shows that 62.5% of the suppliers reporting that the cost of computer equipment is "somewhat of a problem" for beverage companies. At the same time, 12.5% of the responding computer companies reported that their beverage customers consider cost "no problem at all."

The only other category that is troublesome to beverage firms is "continued support." According to the results, 50% of the computer suppliers say that their customers view this matter as a "major problem."

Most of the suppliers had varied opinions of the most popular pieces of software circulating around the beverage industry.

Scott of Sha Computers, however, had a discerning viewpoint. "Probably the greatest number of installations in existence today have been created independently by beverage distributors, each tailoring the software to his perceived individual requirements. I believe that this will become, over the next five years, a thing of the past," he says.

"In the past, of the packages that were commercially available, probably the two most significant implementations have been those of Digatex and Display Data Corporation. Our package has probably been recognized as of superior quality to these two. But, in the past has not been packaged with a suitable hardware configuration for general distribution of the package throughout the country," adds Scott.

Patrick H. Lawrence, vice president of Source One Distributor Management, believes that route accounting and various financial packages are the most popular by beverage industry standards. George Mackie, a vice president of Endata, Inc., says his company's distribution manager beer system originally designed and sold by the Tudor Systems Group of Endata is the most popular system for the beverage industry.

Popular packages

Order entry, routing, inventory control, inventory forecasting and accounting are software packages that officials of Effective Management Systems believe to be popular by beverage firms.

Claus Wagner, marketing manager for Digatex, says that

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beverage companies are interested in route accounting, sales processing and analysis, inventory and production control. Officials with Data Consultants, Inc., say that route settlement, general accounting, vehicle maintenance and inventory controls are popular software packages.

John Strand, president of Ram Systems, Inc., LaCrosse, WI, says that his company's system was developed out of the Seven-Up Bottling Company of LaCrosse. Therefore, he says, Ram Systems packages are more conducive to the needs of a soft drink bottler.

"We are involved in the full line support for bottlers. We also offer a package for brewers and for liquor distributors," Strand told **BI.** As good as any testimonial a computer company will receive, Strand says that one customer told him that a "chimpanzee can come off the street" to run one of Ram's systems. "That's how easy it is to run one of our systems," says Strand.

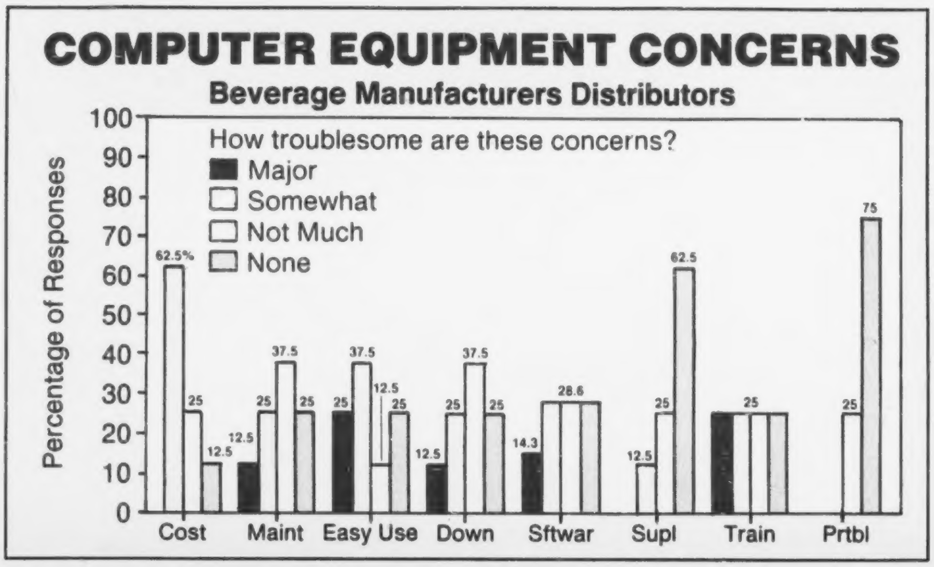
The Ram Systems Route Accounting Management package, according to Strand, gives customers programs in inventory, accounts receivable, pre-sell and tel-sell, vending, fleet maintenance and sales distribution analysis. The cost of Ram's units is as competitive as other companies. The company's table top micro system for route accounting is available for $12,500; larger systems can be developed for around $250,000.

The In*sight Series 8300 mini-computer, with configurations starting at $14,000, is hardware currently supplied to the beverage industry from Display Data Corp. Chuck Piel, beverage marketing manager for the Hunt Valley, MD-based company, believes that mini-computers utilized in the route distribution environment are the most popular. "They are more economical and easy to use than mainframes, but they have the horsepower to handle the workload, which most of the micro's don't yet possess," says Piel.

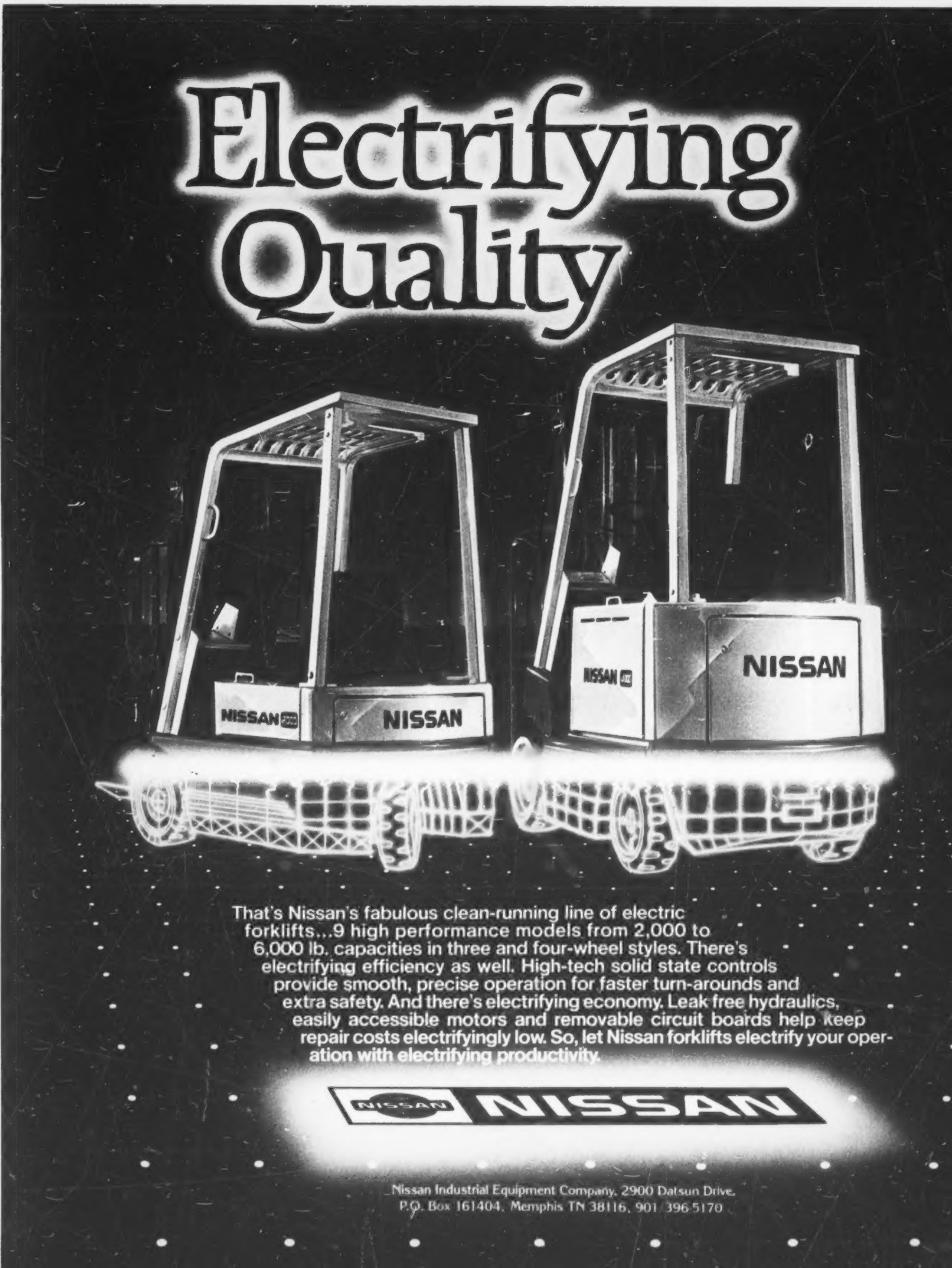
"Another hardware innovation which is coming into vogue relates to 'local area networks,' called LAN's. The LAN allows any number of computers to communicate with each other in a way which is mostly transparent to the operator," he says.

"This method of distributed processing provides the advantage of adding computer power incrementally as needed while eliminating the risk of downtime with large computers," says Piel.

• For more information on **Agris Corp.,** circle no. 280 on the reader service card; on **H.E.I. Corp.,** circle no. 281; on **Sha Computers,** circle no. 282; on **Data Consultants, Inc.,** circle no. 283; on **Norand Computer Systems,** circle no. 284; on **Digatex,** circle no. 285; on **Endata,** circle no. 286; on **Source One Distributor Management,** circle no. 287; on **Effective Management Systems,** circle no. 288; on **MSI Data Corporation,** circle no. 289; on **Display Data Corp.,** circle no. 290; on **Ram Systems,** circle no. 291; for **Cummins-Allison Corp.,** circle no. 292; for **Omni Data Systems,** circle no. 293; for **3M Corp.,** circle no. 294; for **Computer Techniques,** circle no. 295; for **Zinc and Kadish,** circle no. 296; for **Azurdata,** circle no. 297; for **Beverage Systems, Inc.,** circle no. 298; for **Information Concepts,** circle no. 299. ☐


COMPUTER EQUIPMENT CONCERNS

Beverage Manufacturers Distributors



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Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	March 1984	April 1984	% Change	April 1983	Apr. '83 vs. Apr. '84 % Change
Cola	319.1	320.8	0.5	313.1	2.5
Other carbonated soft drinks	153.2	151.3	1.2	146.8	3.1
Noncarbonated drinks	144.9	144.7	0.1	140.8	2.9
Wine	233.6	233.4	0.1	236.3	(1.2)
Beer and ale	228.7	229.9	0.5	222.5	3.3

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20

Source: U.S. Department of Labor Bureau of Labor Statistics

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
Glass Bottle Production Total Bottles:	18,077	21,109	16.8	23,062	(8.5)
Beverage: Refillable	203	173	(14.8)	424	(59.2)
Nonrefillable	3,533	3,793	7.4	3,942	(3.8)
Beer: Refillable	133	203	52.6	115	76.5
Nonrefillable	5,462	6,684	22.4	7,301	(8.5)
Liquor	1,004	1,149	14.4	1,126	2.0
Wine	663	689	3.9	723	(4.7)

*thousands of units

Note: Plastic Bottle Production Indicators are no longer available from the U.S. Department of Commerce.

Source: U.S. Department of Commerce Bureau of the Census

Imported Beverages (proof gals)

	February 1984	March 1984	% Change	March 1983	Mar. '83 vs. Mar. '84 % Change
Beer*	14,046,391	16,9[illegible]58	20.9	16,266,193	4.4
Whiskey	6,839,767	4,650,734	(32.0)	4,951,[illegible]	(6.1)
Brandy	475,439	591,228	24.4	450,459	31.3
Gin	319,603	426,657	33.5	387,609	10.1
Rum	70,673	134,0[illegible]	89.7	49,362	171.6
Cordials & liquers	714,196	906,220	26.9	714,851	26.8
Others	1,037,991	860,854	(17.1)	680,950	26.4
Total	23,504,060	24,556,220	4.5	23,503,310	4.5
Sparkling wines	804,616	807,875	0.4	618,138	30.7
Still wines, table	7,110,166	8,413,890	18.3	10,761,591	(21.8)
Still wines, fortified	335,910	196,197	(41.6)	210.777	(6.9)
Vermouth	211,196	202,031	(4.3)	205,326	(1.6)

*Includes ale, stout, porter

Source: National Association of Beverage Importers

Closures for Beverages (thousands of gross)

	December 1983	January 1984	% Change	January 1983	Jan. '83 vs. Jan. '84 % Change
Metal (for spirits, wines)*	55,873	82,028	46.8	87,065	(5.8)
Plastic (for spirits, wines)*	114,486	118,174	3.2	120,795	(2.2)
Metal Crowns (beer & soft drinks)	11,421	13,545	18.6	14,278	(5.1)
Soft drink (convenience and conventional)	5,799	6,027	3.9	5,455	10.5
Beer (convenience and conventional)	5,622	7,518	33.7	8,823	(14.8)
All other metal closures other than crowns	6,615	5,710	(13.7)	5,704	0.1

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	March 1984	April 1984	% Change	April 1983	Apr. '83 vs. Apr. '84 % Change
Soft drinks	337.1	337.6	0.1	327.1	3.2
Alcoholic beverages	207.8	210.0	1.1	204.4	2.7
Beverages and beverage materials	270.2	271.6	0.5	263.0	3.3
Packaged beverage materials	338.5	339.4	0.3	325.7	4.2

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Sweeteners (cents per pound)

	April 1984	May 1984	% Change	May 1983	May '83 vs. May '84 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	NA	NA	NA	NA	NA
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	0.0	14.25	0.0
Sugar, liquid ind. no. 2 per cwt. solids, F.O.B. (N.E. refinery)	31.45	31.45	0.0	32.2	(2.3)

NA: Not Available

Source: The Journal of Commerce

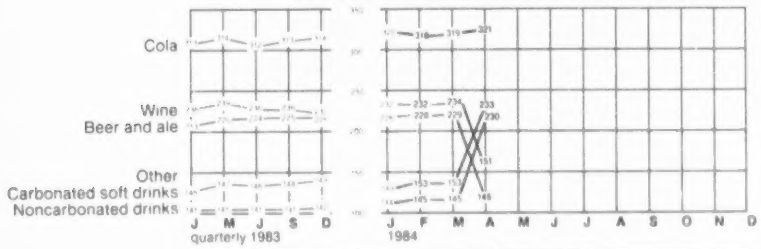
Alcoholic Beverage Removals (barrels of 31 gals)

	January 1984	February 1984	% Change	February 1983	Feb. '84 vs. Feb. '84 % Change
Beer	12,653,020	12,856,577	1.6	12,856,192	0.0
Wine*	27,145,834	27,640,896	1.8	27,430,382	0.8
Spirits*	27,256,001	25,507,179	(6.4)	22,602,999	12.8

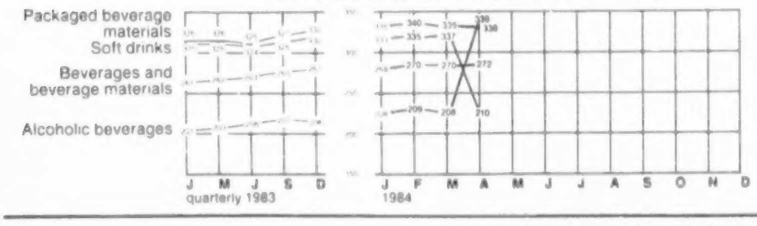
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

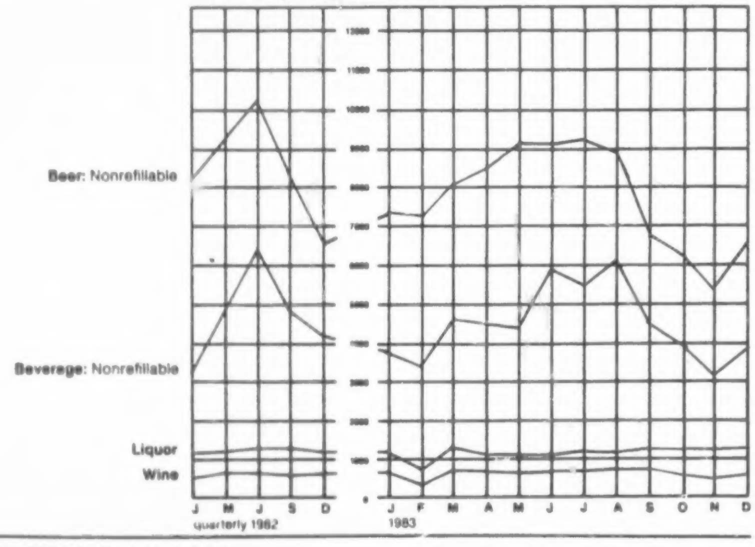
1984 Consumer Price Index (1967 = 100)



1984 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



Compiled by Statistical Research Center (SRCH) for Beverage Industry

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

OCTOBER 1984

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

HBJ PUBLICATION

NBWA in Las Vegas

Expect 4,000 at 1984 show

N B W A
LOTS MORE IN '84
PEOPLE PRIDE PROGRESS

LAS VEGAS, NV—More than 170 suppliers of products and services to the malt beverage wholesaling industry will maintain exhibits and hospitality rooms at this year's annual convention of the National Beer Wholesalers Association, Oct. 28-31 at the Las Vegas Convention Center. Over 4,000 are expected to attend.

A welcome party for all registrants on Sunday evening, Oct. 28, at a local entertainment park will get the convention underway. Monday through Wednesday conference sessions will run from 9 a.m.-11 a.m. Exhibit hall hours are 11 a.m.-4 p.m. Monday and Tuesday, and 11 a.m.-3:30 p.m. on Wednesday. In addition, hospitality rooms will be open noon-4 p.m. Monday and Tuesday and noon-3:30 p.m. on Wednesday.

Monday morning will begin with the association's annual business meeting and a welcoming address by Nevada Gov. Richard Bryan and Nevada Beverage Co.'s John Wasserburger, this year's local host. The meeting will be followed by a presentation given by the convention's keynote speaker Arizona Sen. Barry Goldwater.

Philip Katz, senior vp research div., U.S. Brewers Assoc., Washington, DC, will

(Continued on page 63)

BI Report

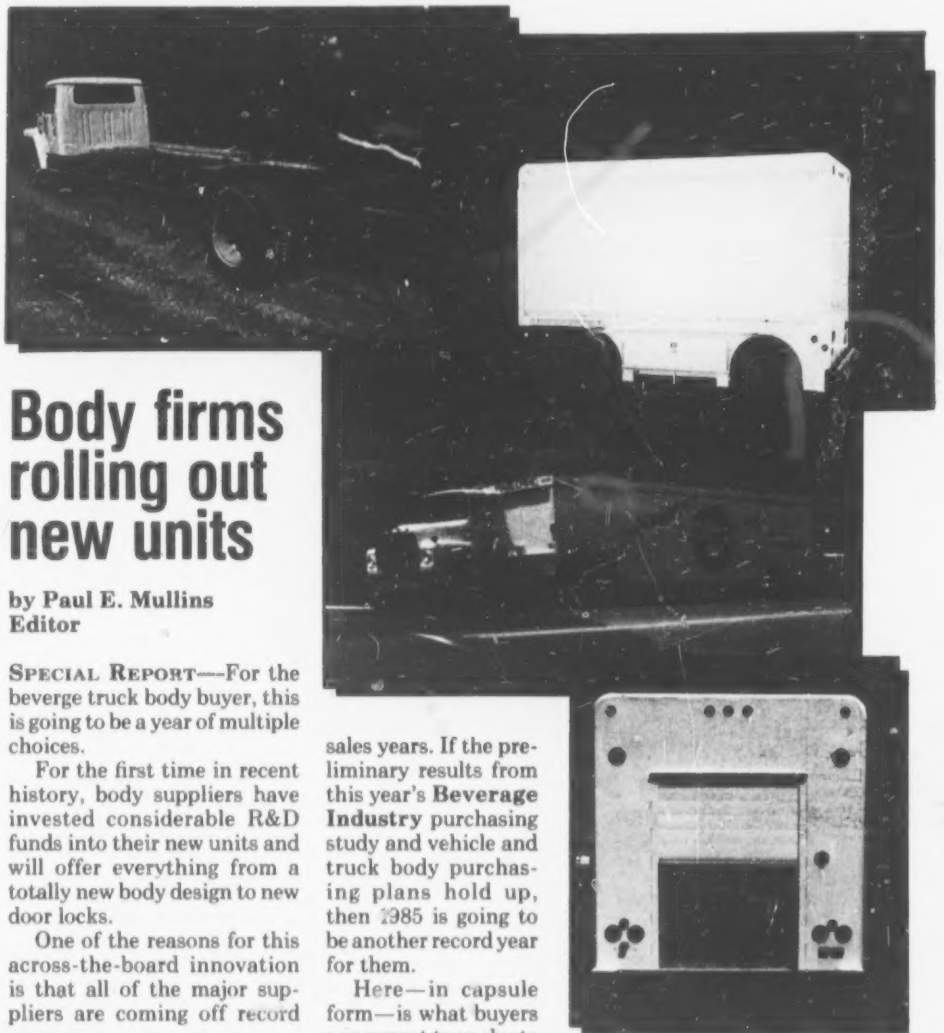
■ **COCA-COLA reportedly is rolling out its version of a 3-L PET bottle in three markets: Dallas, San Antonio, TX, and Columbus, GA.**

■ **SEAGRAM'S SIGNS franchise agreement with Pepsi Bottling Group to market the mixers in Los Angeles. Seagram's is marketed by Premium Beverages, a wholly-owned subsidiary of New York Coke, which is partially owned by The Coca-Cola Co. Industry grapevine speculates that PBC may take on the brand in as many as four other markets where it does not have mixer lines.**

■ **FDA EXPECTED to grant prior sanction status for caffeine use in soft drinks up to 0.02% by weight. Agency is also expected to propose changes in the soda water standard of identity which would also allow caffeine-free soft drinks to be labeled as colas.**

■ **CANADA DRY, seeing continued interest in low calorie, flavored seltzers, will introduce**

(Continued on page 80)



Body firms rolling out new units

by Paul E. Mullins
Editor

SPECIAL REPORT—For the beverge truck body buyer, this is going to be a year of multiple choices.

For the first time in recent history, body suppliers have invested considerable R&D funds into their new units and will offer everything from a totally new body design to new door locks.

One of the reasons for this across-the-board innovation is that all of the major suppliers are coming off record sales years. If the preliminary results from this year's **Beverage Industry** purchasing study and vehicle and truck body purchasing plans hold up, then 1985 is going to be another record year for them.

Here—in capsule form—is what buyers can expect to evaluate as the new bodies and trailers are introduced at the major beverage shows around the country:

- New, unitized aluminum bodies;
- New trailers to boost capacity by hitching on to

(Continued on page 50)

Above left: Hesse's new combination pinch and drop frame. **Above right:** Hackney & Sons new booster trailer. **Center:** A Reliable 'job specific' trailer for Massachusetts Crinc. **Bottom:** Mickey offers a rear bay for returnable storage.

Pack Expo in Chicago

Record attendance, exhibitors at PMMI

McCORMICK PLACE CHICAGO
OCT 29 NOV 2 1984
PACK EXPO
INTERNATIONAL
PACKAGING WEEK

CHICAGO—Pack Expo '84, scheduled for Oct. 29-Nov. 2 in McCormick Place here, will feature a record breaking 650 exhibiting companies, displaying over 3,000 machines on 485,000-sq.-ft. of exhibition space.

With over 35,000 packagers expected, attendance from the food and beverage industries, the largest industrial consumer of packaging equipment and materials, represents 40.5% of the show. Almost 40% of the attendants will be from management, with 19.1% engineers and 18.4% sales and marketing.

The show runs Monday, Oct. 29, through Friday, Nov. 2. Doors open each day at 9 a.m. and close at 5 p.m. daily except Friday when it closes at 2 p.m.

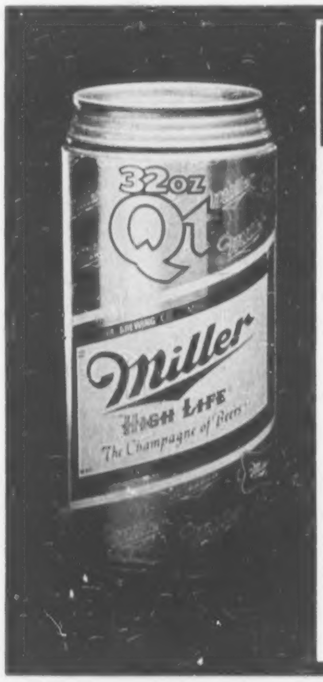
A large percentage of machines, 80 to 90%, are operable during show hours.

A series of seminar/workshops will run from Tuesday through Thursday, 9 a.m. to 12:30 p.m.

Those of interest to beverage producers include *Composite Cans for Aseptic Packaging*, presented by Michael G. O'Neil of Cascade Corp. Dr. Kenneth S. Marsh of Kenneth S. Marsh and Associates will discuss *Computer-Aided Shelf Life Prediction. Aseptic Packaging Processing Systems* will be discussed by Raymond A. Bourque of Ocean Spray Cranberries Inc. and Charles B. Price, Conoffast Continental Packaging Co.

Coming Packaging Innovations from Overseas will be

(Continued on page 47)



BI Now Package

Quart-size can debuts

Miller Brewing Co. has introduced its quart-size can in 18 U.S. markets after successful test marketing in Chicago, Houston and New Orleans. Miller opted to use Reynolds' quad-neck can. See page 16.

Beverage Industry

Wine coolers, like these, are a rapidly growing segment of the beverage industry, but many at one time thought they were just a flash in the pan.

Beer distributors sought

Wine cooler market emerges

by Soni Bayles
West Coast Correspondent

Special Report—Some call it a fad and compare it to the rage caused by "pop" wines of the '70s. However, most people in the beverage industry are beginning to respect the pre-mixed wine cooler as a significant new segment in the marketplace.

Detractors insist the craze has crested and fallen in the less than two years since the wine cooler made its debut in a pre-mixed form in bottles and cans. In fact, several major wineries abandoned plans to develop their own versions based on their perception of the future of the product. And, many newcomers in this field have gathered more dust on the shelf than profits in the cash register.

Yet, survivors have emerged and continue to expand their territories and share of beverage sales. Although each has its own special formula, packaging philosophy and marketing strategy, wine coolers have several things in common—most formidably, a distribution through beer wholesalers.

Michael Crete, founder of California Cooler, the unquestioned leader of the pack with an estimated 70% of the market, was working for a beer distributor when he

(Continued on page 23)

Flourishing allieds tell how to succeed

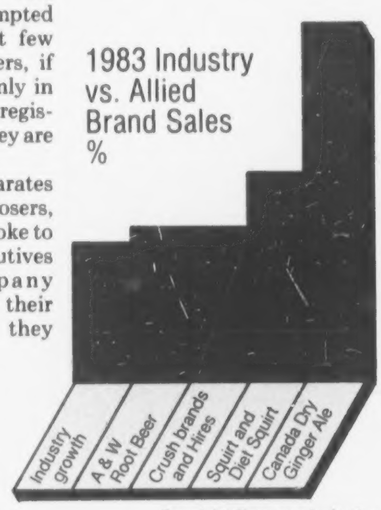
by Gary A. Hemphill
Managing Editor

Special Report—Over the past four or five years, literally hundreds of new soft drink brands have attempted market entry. A select few have made it. The others, if they exist at all, exist only in the lists of trademarks registered in Washington. They are the losers.

To find out what separates the winners from the losers, **Beverage Industry** spoke to leading marketing executives and franchise company officials about what set their brands apart and why they became winners.

Basically, here are some of the common denominators which all of today's successful products have displayed:

- A quality product, usually developed by a top flavor firm.
- A product difference, either a unique flavor, a unique color, or unique positioning.
- Sufficient marketing funds to "drive" the product in the marketplace.
- A "helluva good trademark."



Source
John C. Maxwell Laidlaw

Copyright: **Beverge Industry**
October 1984

As a rule, those which fail will generally display the fol-

(Continued on page 38)

Sweetener firms show unity at 1st symposium

Itasca, IL—"United we stand, divided we fall" may be an oft-quoted remark, but it is a description that accurately depicts unification of a new organization for sweetener companies

Such a group consisted of various sugar beet, cane sugar and corn growers associations and several processors who attended in August the first International Sweetener Symposium at The Hamilton Hotel. The symposium was sponsored by the United States Sweetener Producers Group.

Asserting their positions and flexing their collective muscles, the members proclaimed their unity in overcoming such economic and political barriers as imports, price subsidies by foreign governments and a relatively passe federal bureaucracy.

Some of the information divulged at the symposium included:

- Sugar is the most politicized commodity; nations, except the U.S., protect their own sugar producers with support programs;
- The United States produces slightly more than half of American sugar needs, but the U.S. imports the rest of its sugar;
- The European Economic Community guarantees its

(Continued on page 34)

Working women: 80% use SD's once a week

New York—A recent market research report on working women indicates strong preferences for soft drinks as well as other beverages and convenience foods.

The study, commissioned by *Newsweek* magazine and completed by Mathematica Policy Research of Princeton, NJ, is titled "Women Who Work." It was conducted during January and February 1984, using 713 working women nationwide in a telephone survey. Data represents women between the ages of 21 and 65 who have regular employment outside the home at least 25 hours per week.

The survey reveals 80% use soft drinks at least once a week and more than half (55%) use soft drinks four or more days per week. Researchers note that it is likely that the use of soft drinks reveals little about entertaining, since many households consider soft drinks to be an essential part of the American life-style.

Following convenience foods, the third most frequently purchased item is wine. It is used at least once a week by 31% of the respondents.

Both light beer and other alcoholic beverages are used by one-fifth of the families of working women. The remaining products (and their rate of use in the week preceeding the survey) are mineral waters (13%), cordials and liqueurs (12%), and gourmet foods (11%).

The survey indicates that marital status and child status make a difference in the lives of working women. While groups do not vary greatly, women without children show a greater tendency to buy most of the selected products. This

(Continued on page 29)

Buying patterns of working women by education
(percentage indicates use of selected foods/beverages at least once in previous week.)

	No College	Some College	College Graduate
Soft drinks	82%	85%	76%
Wine.	22	32	47
Light beer	19	22	21
Other alcoholic beverages*	13	27	28
Mineral or sparkling water	11	9	18
Cordials, liqueurs, or creams	8	13	18

*This category excludes beer, light beer, wine, cordials, liqueurs, and creams.

Source: Newsweek

Copyright: **Beverage Industry**
October 1984

Features

12 **Printed film may boost sales**
A California bottler recently introduced a 12-can pack with Mead's TriFi printed polyethylene film system. The result? The pack outsold returnables 2-to-1 at a distribution level of 85%.

15 **Joe Huggins speaks out**
The chairman of the National Beer Wholesalers' Association speaks candidly in this exclusive **Beverage Industry** interview on the many issues facing malt beverage wholesalers in the United States today.

18 **How to handle the containers**
In another exclusive focus report, **BI** surveys top industry suppliers regarding high-speed conveyors for both bottling and canning lines.

20 **Compensation programs, Part 3**
Dennis A. Kairis gives **BI** readers his opinions on how industry executives can increase their incomes through deferred income procedures.

36 **Not just a lot of air**
Hackney and Sons implements the "Air Force fixture" to help meet its exacting standards in beverage bodies and trailers. The device lifts a truck's chassis a few inches off the ground.

56 **Canner enjoys triple necks**
Astro Canners of Denver was the first to convert to Ball's triple spin neck cans. "We like them," says a company official in this report.

page 12

page 15

Departments

Reader Service 7
NOW Package 16
Focus Report 18
Plant Security 62
Newsmakers 69
Supply House 70
New Products 71
Classifieds 73
Beverage Indicators ..75
Ad Index 76
Editorial 82

Soundoff

Maintain current controls

"It is far less costly to produce fructose than it is to produce sucrose ... The fructose industry and the sucrose industry would not survive at the level without government help ... clearly ... there is a need for the current controls to stay in place ... there is next to no chance of the current legislation not being extended ... it would be a death warrant for all of the U.S. ... cane and beet industry."

Patric McLaughlin,
President, Corn Processing Division,
American Maize Products Company
addressing the New York Society of Security Analysts, Inc.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 747 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S., elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices. Copyright © 1984 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.
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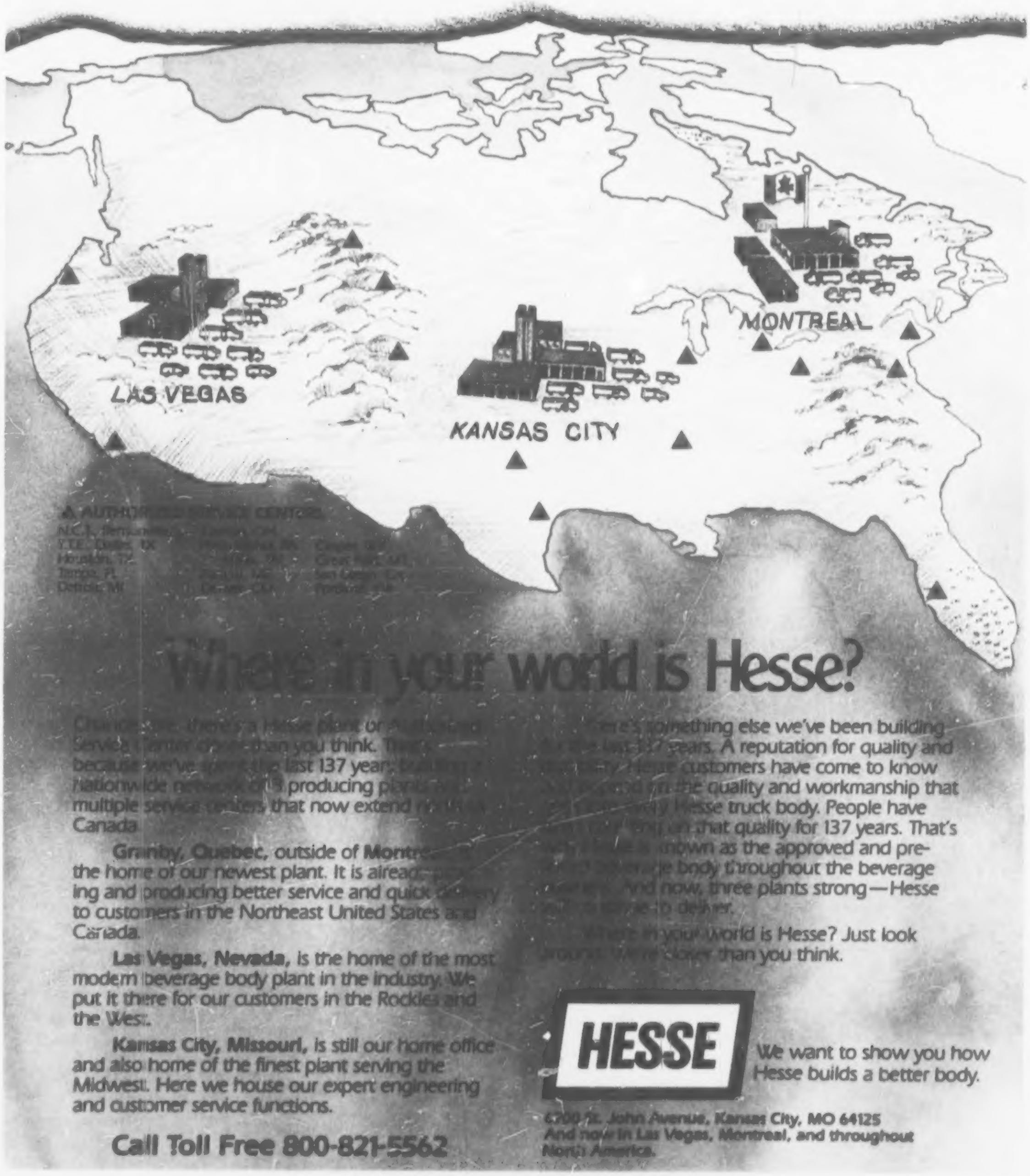
WHERE'S HESSE?



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Buying patterns of working women by age
(percentage indicates use of selected foods/beverages at least once in previous week.)

Age	21-24	25-34	35-44	45-54	55-65
Soft drinks	91%	78%	82%	86%	64%
Wine	38	28	36	29	24
Light beer	26	24	16	21	9
Other alcoholic beverages*	23	20	21	23	17
Mineral or sparkling water	17	13	13	11	10
Cordials, liqueurs, or creams	16	12	10	13	11

*This category excludes beer, light beer, wine, cordials, liqueurs, and creams.

Source: Newsweek

Copyright: **Beverage Industry**
October 1984

Working women: 80% use SD's once a week

(Continued from page 4)

pecially true for married women without children. The difference is most pronounced for various alcoholic beverages.

Upscale women

For "upscale" women (defined as a woman who has reached a level at which she earns a high income of $25,000 or more) the use of food and beverage is a more complex issue. With respect to soft drinks, convenience foods, and light beer, there is a slight inverse relationship between consumption and income. For most other products, use is positively related to income.

Large differences exist with respect to wine (the level of use for low-income women is half that of high-income), as well as to other alcoholic beverages, bottled water and gourmet foods.

Not only do these goods reflect an "upscale" life-style, they are also products that are frequently used when entertaining, and their higher level of use probably reflects a coping mechanism by high-income women, according to researchers.

The study indicates that college graduates use more "upscale" foods and beverages than do other women, in some cases more than twice as much. Education is positively related to the consumption of wine, cordials and liqueurs, and the other alcoholic beverages, bottled waters and gourmet foods.

College graduates drink fewer soft drinks, but education is not related to the use of convenience foods and light beer.

This research study confirms the fact that it is young women doing the buying. With respect to the use of foods and beverages, younger women use practically all products surveyed more frequently than older women. They are especially likely to use soft drinks, convenience foods, wine, light beer and bottled water.

Ninety-one percent of the women in the 21-to-24 age bracket purchase soft drinks while 64% in the 55-to-65 age bracket make the choice.

Results of the *Newsweek* study confirm many earlier suspicions about working women.

For a copy of the survey, send a check for $35 payable to Newsweek, Inc., to: Newsweek Advertising Research Center, 444 Madison Ave., New York 10022. ☐

Wealthier households anticipated

New York—A newly-published report by FIND/SVP, a market research firm based here, projects affluent U.S. households to increase 86% in 1990. Affluent households are defined in the study as incomes of $40,000 or more in 1980 dollars.

Households will increase from 8.9 million in 1980 to 16.6 million by 1990.

The 227-page report, entitled *The Affluent Market*, provides data and analyzes who the affluent are, where they live, what and why they buy, and how to market goods to them.

The Affluent Market, published in March 1984, is available for $985. To order the study, write to: FIND/SVP, Information Products Division A5A, 500 Fifth Ave., New York, NY 10110; or call (212) 354-2424. ☐

Only nature has had more experience with citric acid than Pfizer

Making the complex look simple is an art. Here, you see the art of a master engraver who has worked for months with the purest crystal.

His efforts delight the eye. Yet his subject, the orange and the stages in its growth, is greater than he. Oranges are one of nature's own masterpieces, evolved over countless eons. They create and protect, in lovely and fragrant form, that complex compound called Citric Acid.

Exactly how nature produces Citric Acid was long a mystery; the chemistry was too subtle, too sophisticated. But Pfizer was determined to solve that mystery, and set out to find ways to produce bountiful new supplies of Citric Acid through the natural process of fermentation chemistry.

It took us almost a generation of work, but it was done and done well. Today, Pfizer produces more Citric Acid than anyone in the world. Far more. And we have been working on Citric Acid longer than anyone else. With the sole exception of our teacher, Mother Nature herself. Pfizer commissioned this exquisite crystal piece in appreciation of the models she gave us.

Pfizer
CHEMICAL DIVISION

Total dollar value up for liquid bases

SPECIAL REPORT—The total dollar value of product shipments of liquid beverage bases for use by soft drink bottlers climbed nearly 50% from 1977 to 1982, according to a report titled "1982 Census of Manufactures" by the U.S. Department of Commerce *(see acccompanying chart).*

The report states that the shipments climbed dramatically to $1,850.8 million in 1982 from $919.6 million five years earlier. These figures are broken down further into beverages containing kola extract or flavoring.

Total value of kola extract or flavoring increased 55% in '82 compared to '77 marks, $1,272.9 million to $700.1 million. The quantity of such shipments increased greatly also. For 1977, the figure is 365.5 million gals. compared to '82s figure of 790.3 million gals., a 55% jump.

One reason for the dramatic increases can be related to the surge in consumption of soft drinks during the period of 1977-82.

Under the category, "other flavors," both quantity and dollar values increased from '77 to '82. Value moved from $186.7 million to $570.9 million while quantity increased from 92.4 million gals. to 271.5 million gals. during the same five-year period.

Dollar volume of flavoring syrups for soft drink bottlers' use, meanwhile, dropped suddenly between '77 and '82, $32.8 million to $7 million.

Beverage bases in other categories had jumps both in dollar volume and in shipments as well.

Cocktail mixes increased from $22.7 million in '77 to $44.2 million in '82 with quantity moving from 4.4 million gals. to 7.2 million gals.

"Other" liquid beverage bases dropped, both in quantities and in dollar volume. Dollar volume for this category dropped 65%, from $183 million to $119.9 million in '82. Quantity shipments fell from 93.9 million gals. to 27.2 million gals.

Flavoring syrups

Flavoring syrups for fountain, ice cream and home beverage uses surged in dollars and in shipments during the five-year period. Value increased to $671.7 million in '82 from $396.8 million while shipments increased from 151.1 million gals. to 202.2 million gals.

Concentrated fruit juice products, including for fountain use (not frozen nor hot pack), experienced increases also. Quantities moved from a low of 20.5 million gals. in '77 to a healthy 92.2 million gals. in '82. Such an increase also reflected in dollar volume, from $47.7 million to $132.8 million.

Meanwhile, the Commerce Department reports that concentrated fruit juices increased during the five-year period, but the "other flavors, including beverage bases" category dropped in both listings during the same time.

For concentrated fruit juices, dollar volume moved from $17.1 million to $28.3 million in '82 while quantity shipments increased to 4.5 million gals. from 3.6 million in '77.

Dollar volume for "other flavors" fell a hefty 74% between '77 and '82. The drop reflects an amount of $86.9 million in '82 from a high of $117.7 million. ☐

Quantity and Value of Shipments by Producers

1982 product code	Product	1982			1977		
		Number of companies with shipments of $100,000 or more	Product shipments[1]		Number of companies with shipments of $100,000 or more	Product shipments[1]	
			Quantity[2]	Value (million dollars)		Quantity[2]	Value (million dollars)
20872 —	Liquid beverage bases, not for use by soft drink bottlers	(NA)	(X)	177.9	(NA)	(X)	213.0
20872 15	Cocktail mixes ... mil gal	15	7.5	44.2	7	4.4	22.7
20872 21	Other liquid beverage bases ... do	28	27.2	119.9	(NA)	93.9	183.0
20872 00	Liquid beverage bases, n.s.k.	(NA)	(X)	13.9	(NA)	(X)	7.4
20873 —	Liquid beverage bases for use by soft drink bottlers	(NA)	(X)	1 850.8	(NA)	(X)	919.6
20873 13	Containing kola extract or flavoring ... mil gal	22	790.3	1 272.9	36	365.5	700.†
20873 39	Other flavors ... do	33	271.5	570.9	30	92.4	186.7
20873 00	Flavoring syrups for use by soft drink bottlers, n.s.k.	(NA)	(X)	7.0	(NA)	(X)	32.8
20874 59	Flavoring syrups for fountain, ice cream, home beverage use, all flavors ... mil gal	37	202.2	671.7	40	151.1	396.8
20874 01	Concentrated fruit juice products (not frozen, not hot pack), including for fountain use ... mil gal	28	92.2	132.8	21	*20.5	47.7

Note: In 1982 Census of Manufacturers, data for establishments of small single-unit companies with up to 20 employees were estimated from administrative record data rather than data actually collected from respondents. Employment cutoff used for administrative records for each industry and shipments figures are included in code ending with "002". In both 1982 and 1977 Censuses of Manufacturers, products not completely identified on standard forms were coded in appropriate product class (five-digit) followed by "00" or to appropriate product group code (four-digit) followed by "000".

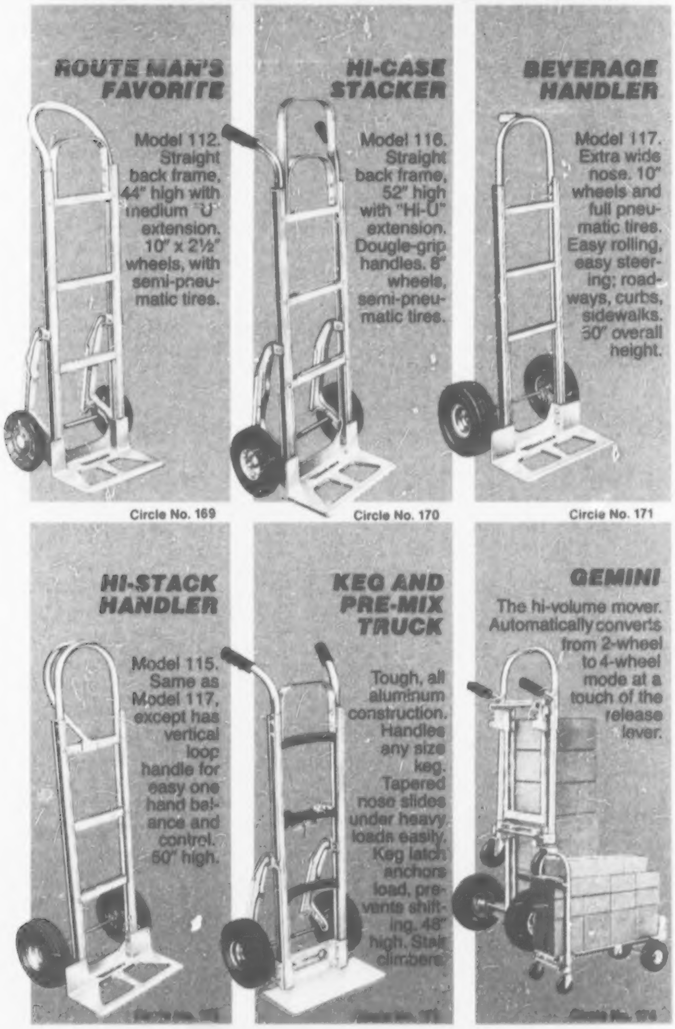
[1] Data reported by all producers, not just those with shipments of $100,000 or more.

[2] For some establishments, data have been estimated from central unit values which are based on quantity-value relationships of reported data. The following symbols are used when percentage of each quantity figure estimated in this manner equals or exceeds 10 percent of published figure: * 10 to 19 percent estimated; ** 20 to 29 percent estimated. If 30 percent or more is estimated, figure is replaced by (S).

Source: U.S. Department of Commerce

Copyright: Beverage Industry
October 1984

VARIETY
SIX PAK



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New product, package introduced by Tree Top

SELAH, WA—Tree Top, Inc., is now marketing shelf stable, 100% pure apple juice and four 100% pure fruit juice combinations in six-oz., spiral-wound composite containers available in six-packs.

The new packaging, developed by Continental Packaging Co., is a shelf stable container allowing more refrigerator space for consumers and retailers.

Unlike other shelf stable containers, composite containers do not require the use of hydrogen peroxide as a chemical sterilant in the packaging process.

Tree Top is debuting four juice combinations, fruit 'n berry, fruit 'n grape, fruit 'n citrus and fruit 'n apple.

TREE TOP
APPLE JUICE

Tree Top: New packaging.

• For more information on **Tree Top,** circle no. 407 on the reader service card; on **Continental Packaging Co.,** circle no. 408. ☐

Sweetener firms show unity at symposium

(Continued from page 4)

sugar producers a price substantially above their relatively high production costs;

- More than 100,000 U.S. workers, some seasonal, are directly involved in producing and processing domestic sugar.

Government affairs officials of the A.E. Staley Manufacturing Co., Decatur, IL, a leading U.S. processor, emphasize that the U.S. sugar program should be continued in the 1985 Farm Bill until foreign governments can be persuaded to stop their subsidy practices. The farm bill is pending before Congress.

Historical and Projected U.S. Sweetener Consumption (Refined Basis)

Item	1983		1992	
	mst	percent	mst	percent
Sugar	8.3	53	7.8	42
High Fructose Sweeteners	3.6	23	5.7	31
Glucose & Dextrose	2.5	16	2.4	13
Minor Caloric	0.2	1	0.1	1
Low Calorie 1/	1.1	7	2.5	13
Total	15.7	100	18.5	100

1/ Dry sugar equivalent.

Copyright: Beverage Industry October 1984

Source: Historical data from USDA.

Keynote speakers

Among the keynote speakers who outlined the intricacies of the political system's interest in the sweetener industry were Governor John B. Evans, Idaho; Congressman Kika De la Garza, Texas, and chairman of the House Agriculture Committee; and Senator "Sparky" M. Matsunaga of Hawaii.

The three politicos, in separate speeches to the 300-plus throng attending the two-day affair, each spoke of the effects the pending 1985 farm bill will have upon the numerous growers associations.

Evans, who said that his state's No. 1 industry is agriculture which encompasses 25% of the jobs in Idaho, expressed many concerns of American farmers, including exorbitant interest rates in purchasing additional land and farm equipment.

William C. Motes discusses his 128-page study, "U.S. Sweetener Industry in the Decade Ahead."

Another area that imperils the American sugar industry, said Evans, is foreign imports, particularly those of underdeveloped third-world countries. "Developing countries trade heavily in sugar," said Evans, "because sugar is usually the basis of a poor country's economy." Evans referred to the fact that many developing countries export their sugar to western nations, specifically the United States, where prices undermine the domestic sugar industry. Therefore, many U.S. companies purchase foreign sugar for their products, hurting the U.S. grower and making him face inevitable bankruptcy, said Evans.

Evans, who said that the U.S. is the world's lowest cost producer, also emphasized the destructive nature of the federal government's "PIK" program, or payment-in-kind farm subsidy program that Washington imposed upon farmers back in the early '80s. This program paid U.S. farmers *not* to grow corn to help reduce the supply of the crop.

The PIK program, according to Evans, hurt the American farmer because PIK took the farmer out of the free enterprise system.

In telling the attendants to review the 1985 U.S. farm bill, Evans, besides numerous U.S. economists and corporate financiers, along with thousands of prospective homebuyers, extolled the benefits of lower interest charges. The Idaho governor particularly emphasized that lower interest payments on farm machinery will benefit the farmer's attempt to purchase updated equipment, thus making the farm more productive.

De La Garza, in his remarks, told the attendees that "there is a general consensus in American agriculture that we must try to continue programs which bring some stability into the agricultural economy; but no final consensus at this point on specifically how those programs should work."

Although agreeing with the other speakers that concerted efforts by the growers and processors are important, De La Garza said that he hopes the 1985 farm bill will include programs to stabilize and protect farm income and to "avoid surpluses of major crops like grains, cotton, milk, rice and peanuts.

"Among other things, I hope the next bill will include a continuation of the current sugar program, which has worked effectively in recent years to keep our domestic industry alive, without any substantial cost to the taxpayer," he said.

Howard D. Samuel, president of the industrial union department of the AFL-CIO, expressed disparaging viewpoints in a morning session.

Samuel said that the sugar industry should not decry the misgivings of foreign trade, but rather the industry should work towards solidarity among the producers. Proclaiming the sweetener industry a "major league" industry, Samuel reiterated a point that circulated heavily throughout the symposium—that the growers, producers and users must achieve a solid working relationship in order to overcome the many severe issues affecting the sweetener industry.

Grower's view

Michael Warner, legislative committee chairman of the American Sugar Beet Growers Association and a sugar beet farmer, said in a panel discussion that there are four reasons why U.S. growers are the most efficient: fertile land; farmers who are also business managers; research and education; and incentives for the grower.

Warner said, however, that "the farming community right now is having the toughest time it has had in decades." He adds, though, that the "design" of the current sugar program is working well, according to Warner's estimates.

Warner asserted that it would be best for the sugar industry to "direct its energies and resources into the advertising program" established for the sugar growers association. □

Chairman of the House Agricultural Committee, Congressman Kika de la Garza, advocates more stable agricultural programs.

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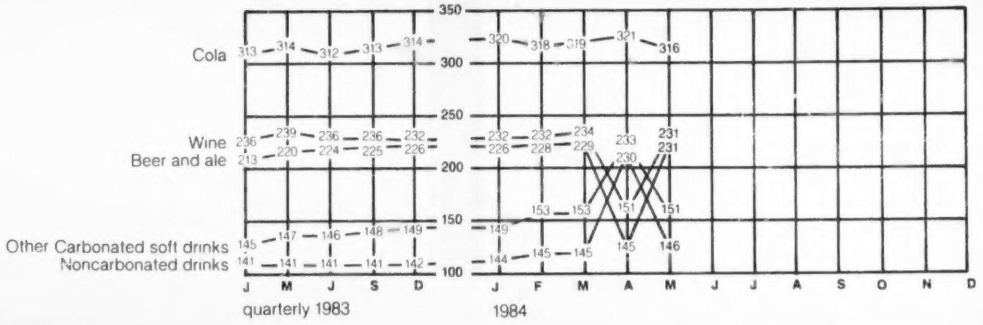
Beverage Business Indicators

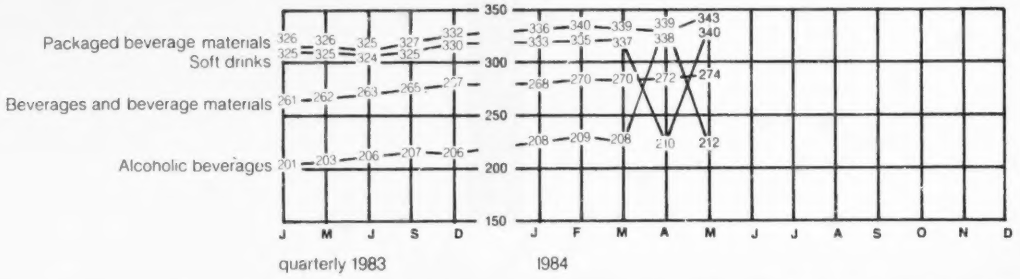
1984 CONSUMER PRICE INDEX

(1967 = 100)



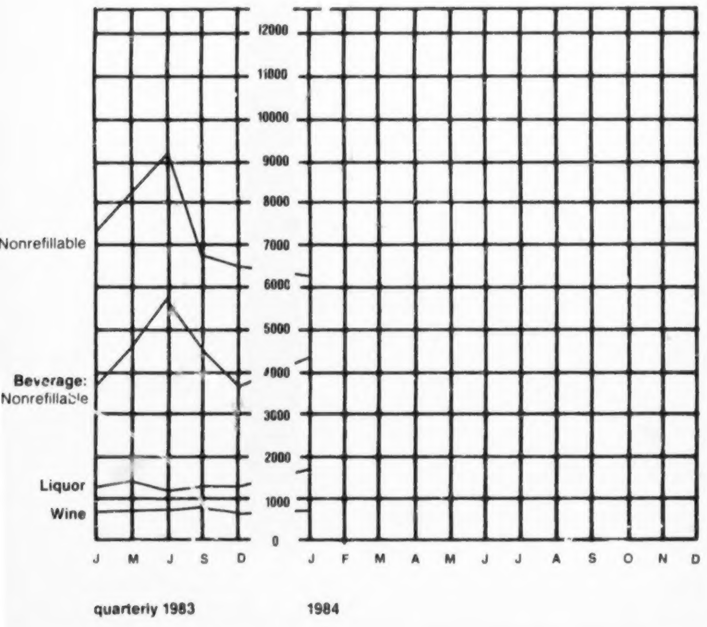
1984 PRODUCER PRICE INDEX

(1967 = 100)



BOTTLE SHIPMENTS

(thousands of gross)



IMPORTED BEVERAGES

(proof gals)

	March 1984	April 1984	% Change	April 1983	Apr. '83 vs. Apr. '84 % Change
Beer*	16,986,458	18,523,001	9.0	15,204,560	21.8
Whiskey	4,650,734	7,796,132	67.6	4,429,908	76.0
Brandy	591,228	577,622	(2.3)	542,707	6.4
Gin	426,657	424,380	(0.5)	427,258	(0.7)
Rum	134,069	76,958	(42.6)	111,127	(30.7)
Cordials & liqueurs	906,220	1,054,274	16.3	517,223	103.8
Others	860,854	1,170,349	36.0	524,424	123.2
Total	24,556,220	29,622,716	20.6	21,757,207	36.2
Sparkling wines	807,875	1,015,129	25.7	770,184	31.8
Still wines, table	8,413,890	9,903,383	17.7	7,910,930	25.2
Still wines, fortified	196,197	244,814	24.8	198,873	23.1
Vermouth	202,031	283,285	40.2	246,425	15.0

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS

(barrels of 31 gals)

	February 1984	March 1984	% Change	March 1983	Mar. '84 vs. Mar. '84 % Change
Beer	12,856,577	15,576,577	21.2	15,354,597	1.4
Wine*	27,640,898	27,640,898	19.7	35,337,365	(6.3)

CLOSURES FOR BEVERAGES

(thousands of gross)

	January 1983	February 1984	% Change	February 1983	Feb. '83 vs. Feb. '84 % Change
Metal (for spirits, wines)*	82,028	80,781	(1.5)	84,301	(4.2)
Plastic (for spirits, wines)*	118,174	102,205	(13.5)	123,936	(17.5)
Metal Crowns (beer & soft drinks)	13,545	9,999	(26.2)	14.566	(31.4)
Soft drink (convenience and conventional)	6,027	4,751	(21.2)	25,568	(14.7)
Beer (convenience and conventional)	7,518	5,248	(30.2)	8,998	(41.7)
All other metal closures other	5,710	6,296	10.3	6,627	(5.0)